

Budget Summary

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Mission:

Stewardship,

Engagement,

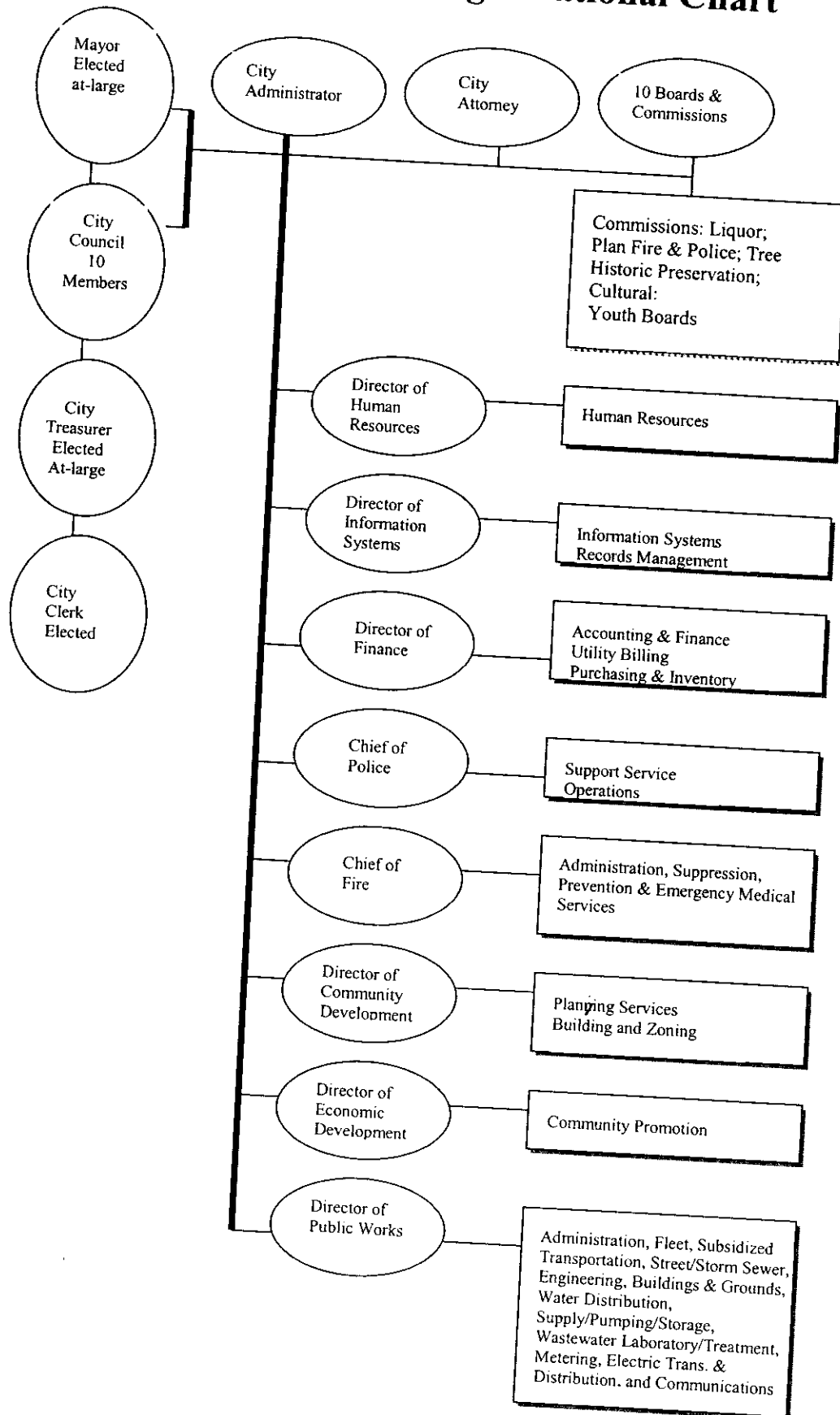
Collaboration



In order to...

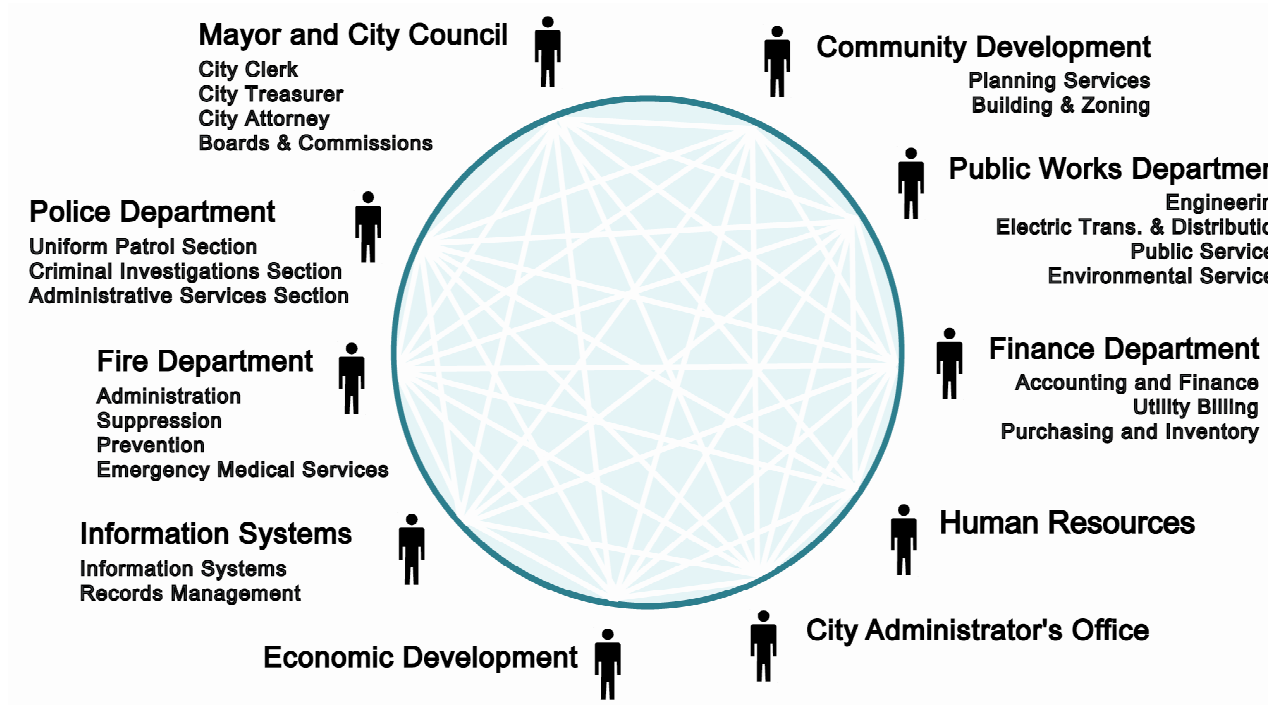
- Maintain a high quality of life
- Preserve our physical and social character
- Instill a strong sense of community
- Involve people in the governing process
- Work together to create effective solutions
- Provide for a safe and secure community
- Shape the future from our heritage

City of St. Charles Organizational Chart



Organization Foundation

This is how we would like to think our organization works. Each individual is free to interact with any person in the City, irrespective of that person's position, division or department. Hierarchy is only necessary when all else fails.



Budget Overview

FY 2006/07

(In Thousands)

| Total Budget | Operating | Capital | Debt | Other |
|--------------------|--------------------|-------------------|------------------|------------------|
| \$139,163.3 | <i>\$100,735.0</i> | <i>\$27,535.5</i> | <i>\$4,491.8</i> | <i>\$6,400.9</i> |

| Total By Fund Type | Operating | Capital | Debt | Other |
|---------------------------------|-------------------|-------------------|------------------|------------------|
| General Corporate \$39,509.8 | <i>\$31,284.2</i> | <i>\$2,402.2</i> | <i>\$648.1</i> | <i>\$5,175.3</i> |
| Enterprise \$60,102.1 | <i>\$47,481.2</i> | <i>\$10,545.7</i> | <i>\$1,543.1</i> | <i>\$532.2</i> |
| Special Revenue \$2,089.4 | <i>\$200.8</i> | <i>\$1,235.0</i> | <i>\$0.0</i> | <i>\$653.6</i> |
| Fiduciary \$1,500.8 | <i>\$1,500.8</i> | <i>\$0.0</i> | <i>\$0.0</i> | <i>\$0.0</i> |
| Capital Projects \$20,040.0 | <i>\$7,696.3</i> | <i>\$12,343.8</i> | <i>\$0.0</i> | <i>\$0.0</i> |
| Debt Service \$4,748.1 | <i>\$2,447.5</i> | <i>\$0.0</i> | <i>\$2,300.6</i> | <i>\$0.0</i> |
| Internal Service \$11,173.0 | <i>\$10,124.2</i> | <i>\$1,008.9</i> | <i>\$0.0</i> | <i>\$39.8</i> |

See pages VI-11 through VI-13 for an explanation of fund type.

Officers and Officials

Mayor

Donald P. Dewitte

City Administrator

Brian Townsend

City Council

| | | | |
|-----------------------|--------|-------------------|--------|
| Dan P. Stellato | Ward 1 | William Turner | Ward 3 |
| Ron S. Silkaitis | Ward 1 | Jo K. Krieger | Ward 4 |
| Clifford X. Carrignan | Ward 2 | James E. Martin | Ward 4 |
| Betsy E. Penny | Ward 2 | David W. Richards | Ward 5 |
| John M. McGuirk | Ward 3 | Don Haines | Ward 5 |

City Treasurer

Warren J. Drewes

City Clerk

Nancy Garrison

City Attorney

Gerald M. Gorski

Department Heads

Pamela L. Colby
Director of Finance

Mark Koenen
Director of Public Works

Robert A. Hupp
Director of Community Development

Alan Schullo
Fire Chief

Margaret A. Foster
Director of Information Systems

James E. Lamkin
Police Chief

Kathy A. Livernois
Director of Human Resources

The creation of the annual budget for the City of St. Charles is a collaborative document. It involves elected officials, department directors, managers, employees, and volunteers all working together to compile a plan that will meet the needs of the entire community. The document, when complete, should reflect the vision of the City Council. We have accomplished that for this year and proudly present you with St. Charles' proposed budget for FY 06-07.

Introduction

The Government Finance Officers Association states that a budget document should serve four (4) main functions:

- Policy Document
- Financial Plan
- Operations Guide
- Communications Device

More important than these 4 things; however, is that the budget should serve as a moral document outlining our priorities. In short- it reflects what we are committed to accomplishing.

The City of St. Charles has a long-standing tradition of embracing change and working cooperatively to ensure a balanced community – one that provides ample opportunities for people to live, work, shop, and play. As a city organization, we must be actively involved in maintaining this environment and work collaboratively with other organizations to ensure that St. Charles continues to be a strong, vibrant community for many years to come.

The budget for FY 06-07 has three (3) main themes:

1. Renewed dedication to holding the line on expenses and minimizing the tax burden
2. Improving the City's economic position by retaining existing businesses and securing new ones
3. Enhancing services in several key areas to improve coordination, increase flexibility, and boost productivity.

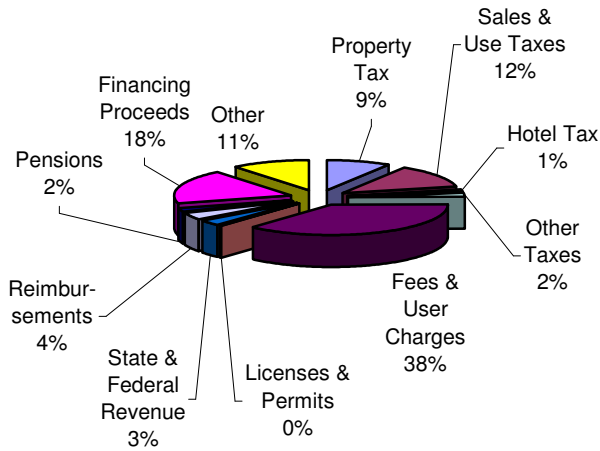
By working towards the accomplishment of key goals in each of these areas, the City will establish an environment that results in two (2) hallmarks of any successful organization – efficiency and effectiveness.

Fiscal Year 05-06 could be characterized with just one word – change. The organization welcomed a new Mayor, new Aldermen, and a new City Administrator. The organization also welcomed 14 full-time and 23 part-time employees. Many of these new employees were filling current positions, but 3 full-time and 2 part-time positions were created last year. As a community, the City was proud to welcome 89 new homes. Also, a net of 21 new businesses now exist, as 101 opened and 80 closed during the fiscal year.

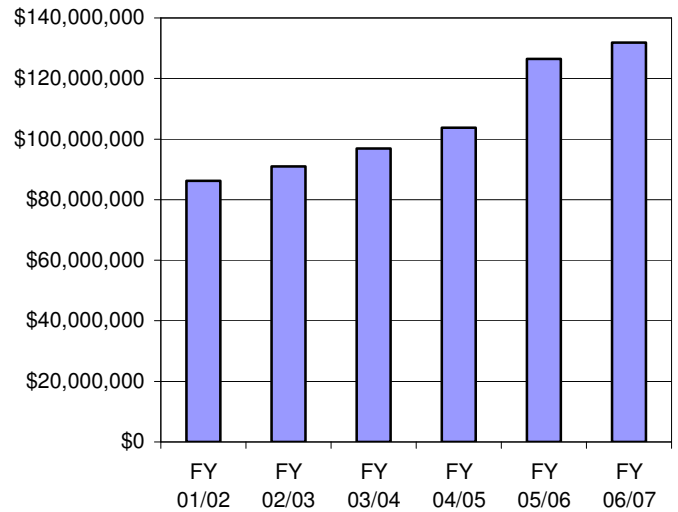
Summary of All Funds

*Revenue and expenditure figures exclude transfers

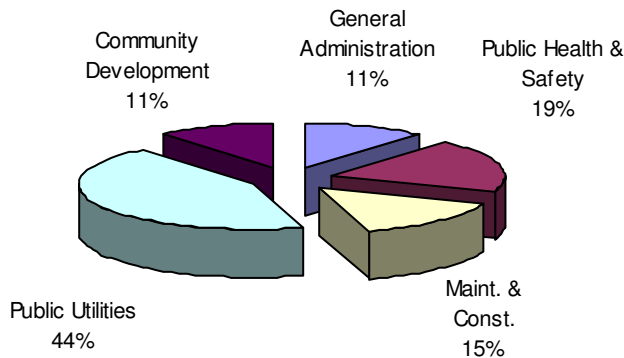
Revenue Sources for All Funds



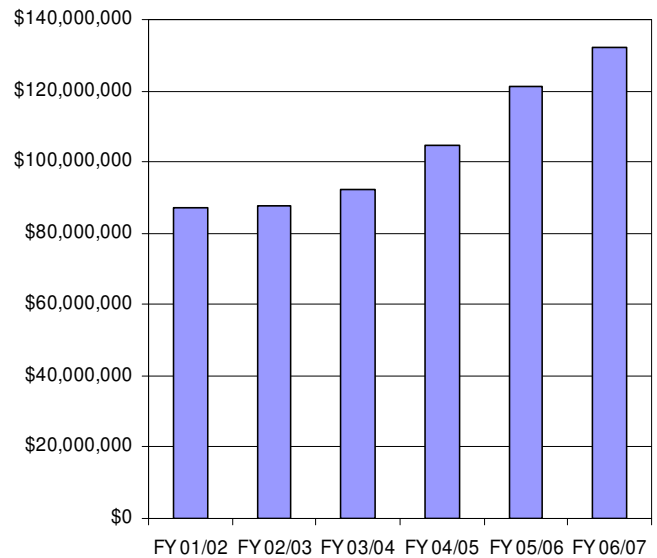
Revenues for All Funds (5 year history)



Expenditure Sources for All Funds



Expenditures for All Funds (5 year history)



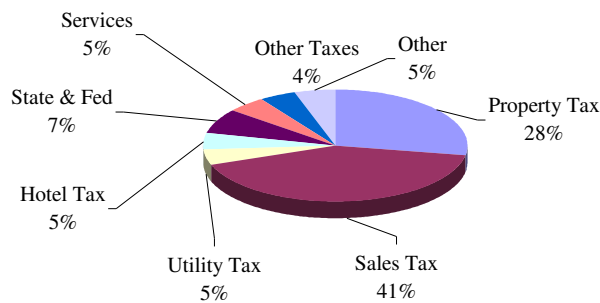
One of the most important challenges in the coming years will be to ensure that the City lives within its means. This will mean fostering an environment that results in continued increases in economic activity and generates revenue, without raising taxes. It also means that the City must remain vigilant

in monitoring its expenses. Exceptional management will be required. The City must also ensure that any new or expanded programs or services have an identified funding source.

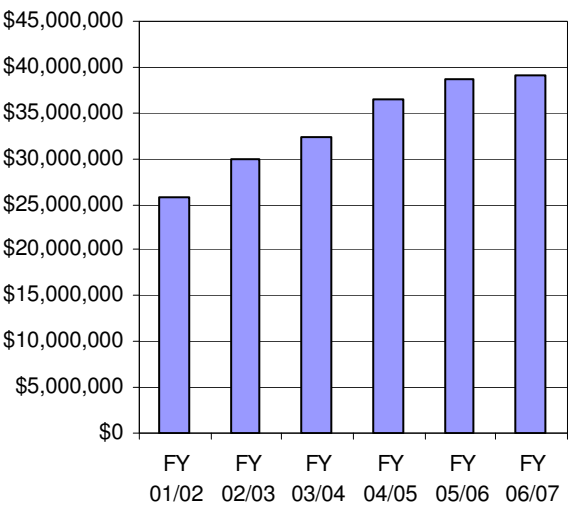
Corporate Fund Summary

*Revenue and expenditure figures exclude transfers

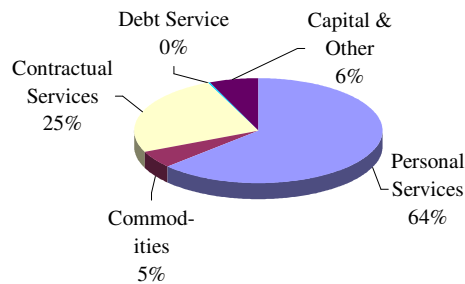
Corporate Fund Revenues



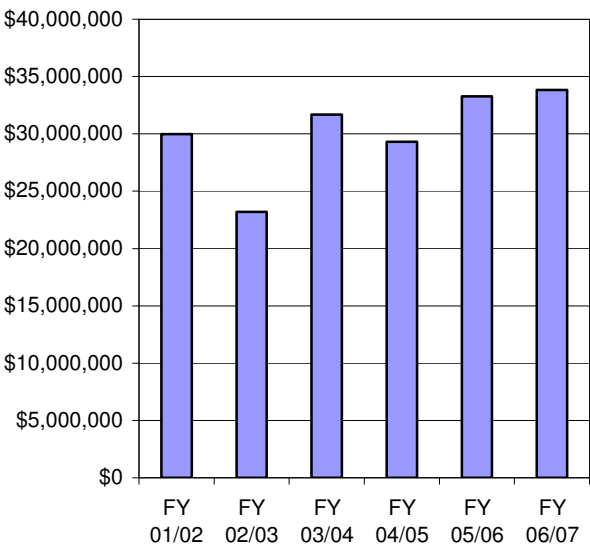
Corporate Fund Revenues (5 year history)



Corporate Fund Expenditures



Corporate Fund Expenditures (5 year history)



We expect to close FY 05-06 with a surplus in the Corporate Fund (the fund that accounts for the vast majority of the City's operations) of approximately \$1,898,500. This represents a 245% increase over what was projected, when the budgeted was approved. This increase seems substantial, because in FY 05-06 a deficiency of revenues over expenditures was predicted, but now the end of year estimate predicts an excess. The excess will be due in part to increased revenues from state income tax, grants, as well as from services provided. Also, some expenditure will be less than predicted in areas such as personal services, commodities, and contractual services. At the end of this fiscal year, revenue in the Corporate Fund is expected to be \$38,667,400 compared with \$36,768,900 in expenses. Transfers from the Corporate Fund to pay debt service will account for \$3,498,200 of expenditures. Total City revenue for FY 05-06 is expected to be \$130,623,100 and will exceed total expenses of \$125,549,300 (including transfers to debt service funds).

| Corporate Fund: FY 06/07 | | | | |
|---------------------------------|-----------------|-----------------|------------------|-------------------------------|
| Current Reserves | Revenues | Expenses | Transfers | Available Fund Balance |
| \$11,733,920 | \$39,128,500 | \$33,819,800 | \$5,075,300 | \$11,967,320 |

As we prepare to enter FY 06-07, we have many things to be proud of, but we also face many challenges. During the coming year, it is projected that revenue in the Corporate Fund will grow to \$39,128,500 or approximately 1.2% more than last year. Revenue is bolstered by strong property values in St. Charles. The city is holding its property tax rate at the same level as last year (this makes the 4th consecutive year), but increased value and new development will result in 8.44% growth.

This strong growth, in conjunction with overall "belt-tightening" will allow the city to repeal its .5% food & beverage tax. The elimination of this revenue source will have an annual impact of approximately \$640,000. We hope that this will make an already strong restaurant market even more attractive to those looking to open new establishments, and those looking for places to spend their dining dollar.

Expenses in the Corporate Fund for FY 06-07 will be \$33,819,800. In addition, transfers from the corporate fund to pay debt service are projected to be \$5,075,300—making total expenditures \$38,895,100. Overall, this represents a 5.7% increase in expenditures. The largest share of expenditures in this fund is for personnel and benefits. Personal Services represents 64% of the Corporate Fund, with employee salaries making up 40.4% of that number or \$17,506,116.

While there was additional scrutiny of departmental budget requests this year, the fact that employee-related costs make up such a large portion of the City's budget means that significant reductions cannot be achieved without reducing head-count. Decisions on this matter require significant thought and consideration. Departments will be tasked with examining each and every employee vacancy that occurs to ensure that we are efficient as we can be and that our staffing make-up serves us well in our ever-changing environment.

Nevertheless, the proposed budget includes several cost containment strategies including the analysis of overtime expenditures, reduced overhead, changes to the City's health insurance program, and alternative methods of service provision. We will also conduct analyses in the coming year of certain services to determine if privatization or out-sourcing would result in more cost effective programs with no deterioration in service quality.

At the close of FY 06-07, the City will continue to have strong reserves in the Corporate Fund. With the repayment of \$4.3 million that was loaned to the First Street TIF Fund to pay for land acquisition, the Corporate Fund reserve will be \$11,967,320. This represents 38% of the City's operating expenses, which far exceeds the 5-15% threshold recommended by the Government Finance Officers Association, although the City's reliance on sales tax necessitates increased reserves.

Operational Overview

From an operational standpoint, the City will undertake several key initiatives.

1. Analyze existing review and permitting processes to improve coordination, eliminate bottlenecks, and enhance customer service
2. Improve communications by creating a Communications Specialist position that will coordinate city communications efforts and assist departments, when needed and on special projects
3. Encourage employees to make recommendations for improvement and recognize the best and brightest. The "Bright Ideas" program will build on the existing Employee Suggestion Program and provide improved incentive for employees to think of new ways to perform their jobs

Provided below are summaries of key departmental initiatives for FY 06-07:

City Administration

Although change has certainly taken place within the City Administrator's office and throughout the City, initiatives during the coming fiscal year will not only focus on change, but also on continuity and continued improvement of services. Much focus will be given to projects such as completion of an administrative reference guide, creation a City-wide policy manual, and coordination of various other procedures, in order to improve documentation of policies and procedures, which impact the entire organization.

Within our department, a current employee is transitioning into the position of Communications Specialist, which will significantly advance the priority goal of enhancing communications internally, within the organization and externally, with the community. This new position will also allow for continued improvement on the City website, in hopes of increasing utilization and providing additional information to residents.

With an eye on strategic planning for the future, the department will begin to review current processes and programs to ensure goals are being met and to seek improvements in efficiency and service. Over the next fiscal year, reviews of programs such as the Employee Suggestion Program, performance

measurement, process improvement teams, and surveys, should reveal where change would be beneficial, in becoming more efficient and effective.

City Administration looks forward to another year, focusing both on new and renewed initiatives. Such planning and organizational objectives are not unique, but rather run throughout the City departments, as can be seen through their goals for FY 06-07.

Community Development

This fiscal year, Community Development will focus on improving coordination of all departments involved in development and permit reviews. This will include refining the current computerized tracking system, restructuring review processes for better coordination and communication, and exploring opportunities for flexibility in applying regulations. This effort will use the work completed by the Permit Process Improvement Team, plus a fresh examination of workflow and other related factors.

Review of new development and redevelopment continues to be a major part of the Department's work; this will include the First Street Redevelopment as well as several other significant projects. The Planning Division will also be working with the Housing Commission to support its efforts in formulating a housing policy for consideration by the City Council. The staffing and funding for the Corridor Improvement Program has been transferred to the Planning Division from Economic Development.

Looking to the future, the four-year budget includes funding for a new Comprehensive Plan, anticipated to be a two-year project beginning in FY 07-08.

Economic Development

The Economic Development Department (EDD) is committed to understanding and acting upon the needs of the St Charles community. In order to further understand these needs and be prepared for future growth, as well as maintain retention efforts, the EDD has budgeted to outsource Economic Development consultants for the purpose of designing a 5-year Strategy Plan. This plan will address the primary goals of market analysis, establish a vision, develop strategies, and assess resources.

The outcome of this Strategy Plan will allow the EDD to communicate detailed reporting with respect to the health of the City to both elected officials and staff. It will also allow EDD staff to develop goals and focus time and resources in appropriate areas for the overall purpose of maintaining a strong economic base.

In addition to direct retail and industrial contacts, the EDD recognizes the value of commercial brokers, area developers, bankers and architects and their cooperative efforts in selling the product of St Charles. For this reason, the EDD will begin conducting bi-annual Communication Meetings for this targeted group. These meetings are intended to generate awareness of available properties, build on existing relationships and establishing new ones, communicate topics of interest in relation to

transportation, major developments, impact fees, etc. These meetings will compliment existing programs already in place, such as the Business Call meetings for existing businesses.

Finance

The Finance Department will undergo many important changes this next budget year. One of which includes a decision by the Accounting Division to replace a full-time employee with 2 part-time employees. This will give the division the opportunity to have not only more flexibility but it will also create a reduction in the overall cost of personal services in the Finance Department. The Accounting Division will also be conducting an analysis of all of the City's current financial systems and workflow processes. All departments will be involved in the needs assessment, in order to make recommendations for upgrades by FY 07-08.

In addition to looking into automating systems, the Utility Billing Division has provided the City customers easier, more convenient access to their accounts through web payments and access to their accounts.

The Inventory Control and Purchasing areas of the Finance Department will be moving to the new Public Works complex in July 2006. This move will require a great deal of advanced planning. The current inventory layout is being remapped to expand operational efficiencies in coordination with the relocation. The Purchasing Division will be located near Inventory Control to provide greater access to all like operations and flexibility in providing back up for both operations.

Fire

Today's modern fire service is undergoing a transition. It is critical that the St. Charles Fire Department has a vision that guides the organization toward excellence. This can only be achieved through deliberate planning, budgeting, and action. There is a quote that states, "Those that fail to plan – plan to fail." The fire service is operating in a dynamic environment requiring adaptability to a future that rewards those courageous enough to embrace challenges and opportunities.

Achieving flexibility to the changing environment for emergency services, our major focus of the FY 06/07 budget for the St. Charles Fire Department is to complete the Fire Station 1 project that will allow us to continue to function as an adaptable, modern fire department committed to provided superior services that contributes to the quality of life enjoyed by our community. We are a professional organization continually seeking opportunities to create partnerships to serve this community through fire prevention, emergency operations, emergency medical and patient care, and excellent customer service. This can best be exemplified by the purchase of the City's new attack pumper tanker. The tanker will be funded by the City and the St. Charles Countryside Fire Protection District, and it will respond to both City and Fire Protection District emergencies.

Human Resources

The City of St. Charles, in conjunction with the City of Batavia and the City of Elgin, has completed two years of the Supervisory Modules in Leadership Excellence (SMILE) program. Dr. Lou Bender kicked off the second year of SMILE with an informative and worthwhile program on how to handle

problem employees. This was well received by all who attended. The overall evaluation rating for the program thus far is 4.02 out of 5. The facilitators and instructors have worked very hard to ensure a successful program for over 275 supervisors in the three cities.

The Health Insurance Team (HIT) is also working very hard to accomplish its mission of providing the highest quality health insurance programs at the best value while balancing the needs of the City and the needs of those who receive these benefits. They have been meeting since 2005 and will continue to meet in this next fiscal year. Thus far, they have implemented some cost-saving measures for the new fiscal year but more still needs to be done. The team is preparing a two-year plan in order to accomplish this.

Working in conjunction with the Health Insurance Team (HIT), the Wellness Team has offered some very successful initiatives such as the new healthy vending machine, Moving II (a competitive six-week program of running or walking), and a 12-week Weight Watchers class with approximately 20 participants.

Information Systems

The focus for Information Systems this year will be on reliable access to quality data, employee empowerment, and business process improvements. We will continue to expand upon the wireless pilot started last year with limited additional expenditure. Employees and citizens will be able to utilize our wireless connection to the Internet located along the riverfront. Residents will be able to view real time progress on the First Street development project via the River Cam which will be accessible through the City's website.

GIS will spend the year building on its implementation of the ArcSDE database access tool by rolling out the Precision GIS application. This program will allow employees to integrate GIS into their core business processes. We will also focus on enhancing the quality of data provided with the acquisition of new aerial photography, continuation of the Public Works infrastructure inventory, and core development of a master City address database.

Additional tools will be purchased which will expedite the development of web-based forms and workflow processes. Work will continue on the reduction of paper via expansion of the ApplicationXtender electronic document management system and distribution of reports electronically. Groundwork for a complete Disaster Recovery program will be completed with investment in necessary hardware and software for implementation to occur in FY08.

Police

The Police Department budget for FY 06-07 includes adding one additional police officer position mid-year. There are various equipment related needs that are being addressed through replacements of old items in need of replacement. The focus remains efficiency for service delivery. The building remodeling is continuing with funds budgeted to replace furniture, some of which is original to the building. The use of technology remains a priority, and grant funding is being pursued to offset the costs, with funds being budgeted to be able to provide a cost sharing ability should a grant be awarded.

Public Works

The Public Works Department in FY 06-07 plans to address drinking water quality and neighborhood pressure related issues. The department's environmental water staff will commission a comprehensive review of the water system; document our findings with an outline for improvements that the City Council may implement in future years. The department's wastewater and sanitary sewer collection staff will process our renewal of the IEPA issued National Pollutions Discharge Elimination System (NPDES) permit that will set the master plan for improvements to be implemented in future years. In the department's electric utility, communication via Supervisory Control and Data Acquisition (SCADA) and Automatic Meter Reading (AMR) will be implemented and investigated respectively to continue responsive and efficiently department services.

Corporate funded department highlights include work effort on transportation initiatives. These initiatives include the continued work effort on the Red Gate Bridge study, coordination with Kane County and Illinois Department of Transportation (IDOT) on Randall and Kirk Roads and the state highway system concerning capacity and access management. Corporate funded work efforts will also address municipal buildings and grounds remodeling/expansion (Fire Station No 1, and Public Works Field Offices). Finally, a department wide project is First Street. First Street includes engineering design and construction of utilities, and coordination concerning funding and implementation of the public parking deck with the Federal Transit Administration.

Employees

Our most important resource is our employees. Without them, the City organization would cease to function.

In FY 05-06, the City had 277 full-time and 119 part-time employees. In FY 06-07, two (2) new full-time employees are being recommended for approval. They include an automotive technician in the Fleet Services Division of the Public Works Department and a new Patrol Officer for the Police Department.

Adding new employees to the City workforce is always a costly proposition, but these two (2) positions are needed to fill a critical need. Both have been recommended for approval in previous budgets, and this year they are being included.

The Automotive Technician is needed to ensure that City vehicles are kept in top condition. With all vehicles, preventative maintenance and timely repair are the keys to a long-lasting life. The addition of a technician will meet an immediate need for additional assistance to keep the City's fleet in good condition.

The Police Officer position will be used to supplement existing patrol staffing and support improved traffic enforcement efforts. Increasing calls for service has been a continued trend in St. Charles. This

officer will help to meet that need and provide additional available time for officers to enforce traffic laws in the community.

Enterprise Funds Summary

The City's Enterprise Funds – so named because they operate much like separate business units or enterprises – also continue to perform well. As a result, we are projecting that there will be no water or sewer rate increases needed in the coming year. We also expect the electric system to not need a rate increase, but that will be dependent on summer usage. If demand remains strong, and meets projections, then a rate increase will not be necessary. However, if we have a cool summer, and demand dips, a mid-year increase of 2-3% may be required.

| Electric Fund: FY 06-07 | | | |
|--------------------------------|-----------------|-----------------|-------------------------------|
| Current Reserves | Revenues | Expenses | Available Fund Balance |
| \$8,585,204 | \$39,928,800 | \$42,319,000 | \$6,195,004 |

| Water Fund: FY 06-07 | | | |
|-----------------------------|-----------------|-----------------|-------------------------------|
| Current Reserves | Revenues | Expenses | Available Fund Balance |
| \$7,882,953 | \$5,977,700 | \$6,332,900 | \$7,527,753 |

| Sewer Fund: FY 06-07 | | | |
|-----------------------------|-----------------|-----------------|-------------------------------|
| Current Reserves | Revenues | Expenses | Available Fund Balance |
| \$8,105,440 | \$8,653,500 | \$9,515,500 | \$7,243,440 |

| Refuse Fund: FY 06-07 | | | |
|------------------------------|-----------------|-----------------|-------------------------------|
| Current Reserves | Revenues | Expenses | Available Fund Balance |
| \$0 | \$697,900 | \$683,500 | \$14,400 |

Development Activity

In FY 05-06, the City experienced strong development activity that will ensure that St. Charles continues to be an economic engine in the Fox Valley. New projects include:

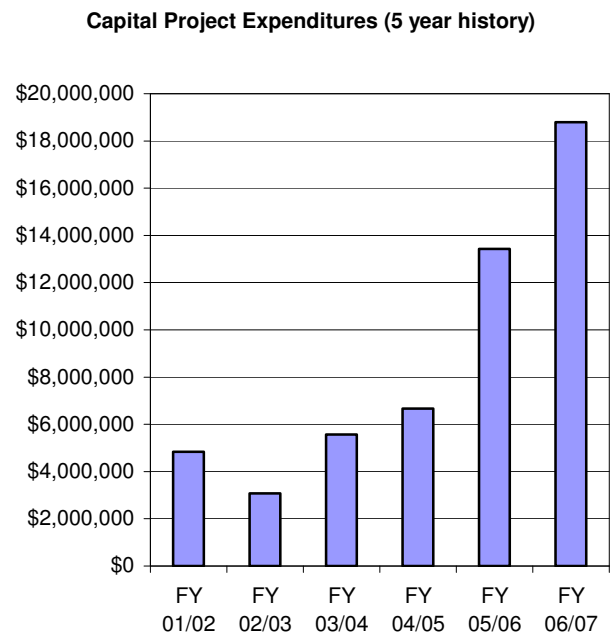
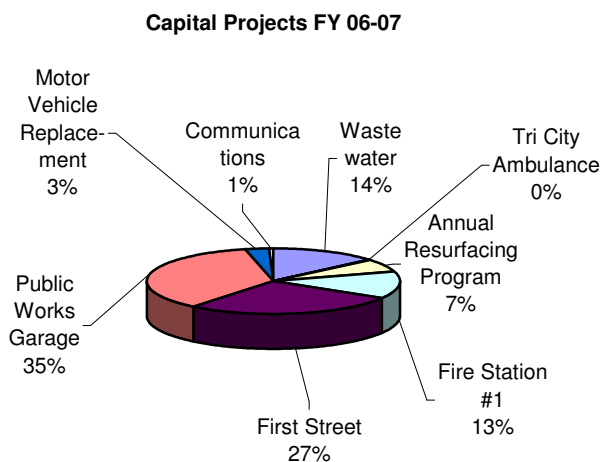
- Development of 97 acres of land near the corner of Randall Road and Main Street, including the Zylstra Development and Pine Ridge Park
- The approval of the Legacy Park Development at the former Regole Farm along Kirk Road
- The construction of the Piemonte Cadillac Dealership and Tyler 64 Business Park near Tyler and Main
- Completion of corporate headquarters for Aquascape Designs, one of the world's largest pond manufacturers

In FY 06-07, we have many things to look forward to. Among them are:

- New Mercedes-Benz automobile dealership on North Randall Road
- Opening of the Zylstra Harley-Davidson motorcycle dealership on West Main Street
- Reinvigorated management at Charlestowne Mall that we hope leads to reinvestment in the City's most important general retail property
- The commencement of construction on First Street, a project that will serve to revitalize the downtown area, particularly west of the Fox River
- The conclusion of negotiations for a potential 60,000 sq. ft. redevelopment at the St. Charles Mall site

This year, the City will also establish an Economic Development Strategic Plan, with assistance from an outside consultant. Through this exercise, we will establish goals for the future and prioritize them so that there is clear direction for resource allocation.

Capital Projects Summary



In addition to commercial investment in St. Charles, the City is also moving to solidify its infrastructure with the construction of new and renovated facilities. This includes the completion of the first half of the Public Works expansion and renovation, the renovation of the Police Department facility, and the addition of apparatus bays to the existing Century Station, resulting in a new Fire Station #1.

Transportation improvements are also a key segment of the City's capital improvement program. Design work continues on the Red Gate Bridge project, and an infusion of \$1 million from the *Reserves* subdivision, along with dedicated property tax revenues has helped to ensure that the City can fund this project, when the time comes to construct it.

Major road projects planned for FY06-07 include the following:

- Study and design of Red Gate Bridge project
- Cooperation and work with Kane County and Illinois Department of Transportation at Randall and Kirk Roads
- Resurfacing and maintenance work on 7.5 miles of municipal roads

Substantial enterprise fund projects for the coming year include:

- Sitework for Electric Substation #9
- Study of water and sewer systems to identify possible future improvements and address water quality issues

Debt Summary

In FY 06-07, the City will issue \$16,120,000 million in debt to fund the beginning First Street Redevelopment Project. In addition to bonding for First Street, the City will issue bonds for the Fire Station #1 project and for sewer and water projects.

With the issuance of these bonds, the total amount of debt outstanding in Corporate and TIF funds will grow to \$74,538,268. This represents \$2,342 debt per capita.

| Debt Summary: FY 06-07 | | | | |
|------------------------|--------------|--------------|----------------------|--------------------------|
| Fund | Current | New | | Outstanding for FY 06-07 |
| Corporate & TIF | \$50,678,491 | \$3,840,000 | Fire Station #1 | \$70,638,491 |
| | | \$16,120,000 | First Street Phase 1 | |
| Enterprise | \$5,935,454 | \$2,117,500 | First Street Sewer | \$3,899,777 |
| | | \$1,782,277 | Water | |
| | | | | \$74,538,268 |

Conclusion

With each year, change occurs. We are presented with challenges and opportunities, and our success is determined by how prepared we are, and how we respond. With the proposed FY06-07 budget, the city is adopting a well-balanced plan for dealing with current issues, while also preparing for the future. The plan includes an impressive mix of programs, services, and capital improvements to ensure that St. Charles continues to be a community that is admired and an organization that is respected.

In closing, we would like to express our warmest thanks to all staff members who assisted with the formulation of this budget document. Your cooperation was appreciated more than you know.

We must also recognize the tremendous efforts of staff in the Finance Department who helped to facilitate the budget preparation. Pam Colby, Diana Erickson, Jill Ghiotto, and Megan Kimak all did a fantastic job in meshing old philosophies with new ones so that this document could be presented.

Finally, we would like to thank Megan Pierce for her assistance in compiling the budget message and comparative data sections. This effort requires hours of hard work and she deserves special recognition.

It is with great pride that we submit this budget for the consideration of the City Council, and recommend its approval.

Donald P. DeWitte
Mayor

Brian Townsend
City Administrator

Pamela L. Colby
Director of Finance

Policies

How to Review this Plan II-2

Budget Process II-3

Budget Timeline II-4

Policy Goals II-5

How to Review This Plan

We hope we have developed a budget document that is easy for the lay reader to use, yet comprehensive for the experienced reader. Following is a brief description of the major sections of the budget along with page numbers.

Budget Process (Section I)

Here you will find a description of the City's budget process through revision of the budget and the timeline it follows.

Policy Goals (Section II)

This section lists general City policies. The planned implementation of these goals is also explained.

Financial Trends (Section III)

This section is provided for financial analysis of community growth, comparative trends, revenue trends, expenditure trends, balance sheet trends and debt service trends.

Community Profile (Section IV)

You will find useful statistics as well as some facts of interest on St. Charles.

Budget by Funds (Section VI)

There are three reports in Section IV. The first report is a fund summary for the proposed budget year. It shows the total revenues and expenditures for each fund along with a projection of available fund balance. The second report is prefaced by a description of the City's funds and is followed by very detailed reports of revenues and expenditures by fund. It includes past history, history of fund balances/equity, fund descriptions and charts and graphs. For information solely on expenditures, see the third report, which is a listing of expenditures at the department level.

Budget Detail (Section VII)

Section V reports are a listing of uses by service area and service center and the source of funds that provide for the use. There are five broad service areas. Within each service area are several service centers. As an example, the service area General Administration contains the service centers: Mayor's Office and City Council, City Administrator's Office and General Support Services. We have included an organizational chart for each service area.

Capital Improvements (Section VIII)

Section VI of this plan is our Capital Improvements Plan. In this section we have a Capital Improvements Summary, which is helpful in order to get a grasp on capital spending by fund and department for the proposed year and three year projection. A detailed listing by department is also provided for each year.

Appendix (Section IX)

We have incorporated charts, graphs and tables throughout the budget. There is additional information, however, that some readers may find useful that we have included in the appendix.

Glossary (Section X)

Included in the glossary are common terms as well as many acronyms used throughout the budget that are specific to the City.

Budget Process

Budgetary Controls

The City's budgetary operations are governed by the Budget Law as provided for in the Illinois Compiled Statutes and administered by the Director of Finance. Under the Budget Law no appropriation is required to be passed and an annual budget must be adopted prior to the year the funds will be expended. St. Charles' fiscal year begins May 1. The City adopts annual budgets for the General, Special Revenue, Debt Service, Enterprise Funds and Capital Projects Funds. Budget reports are run at various levels to allow for analysis, from very broad (by Fund) down to a detail object basis. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Business Plan

Each year the City prepares a Business Plan (or strategic plan), which is a formalized approach to bridging the gap between today's reality (determined by performance measures) and our vision of the future. The Business Plan identifies relationships among the City's mission, vision, core values, Citywide goals, strategies, action plans, performance targets and budget plan. The full Business Plan is provided under the "Business Plan" tab.

Review & Development

Departments are asked to complete data entry by the middle of February. At this time, the City Administrator and Finance Director meet with the individual Department Directors to discuss their initial requests. They review major operating changes, discuss objectives and review requests for capital expenditures. They also coordinate and combine requests and discuss thoughts on more efficient methods to accomplish the department's objectives. Any unjustified items are cut from the budget at this time.

In early March, the City Administrator and Finance Director begin meeting individually with City Council members to discuss concerns they may have. The Department Directors and Finance Director then meet with the Mayor to "balance" the budget and make final cuts.

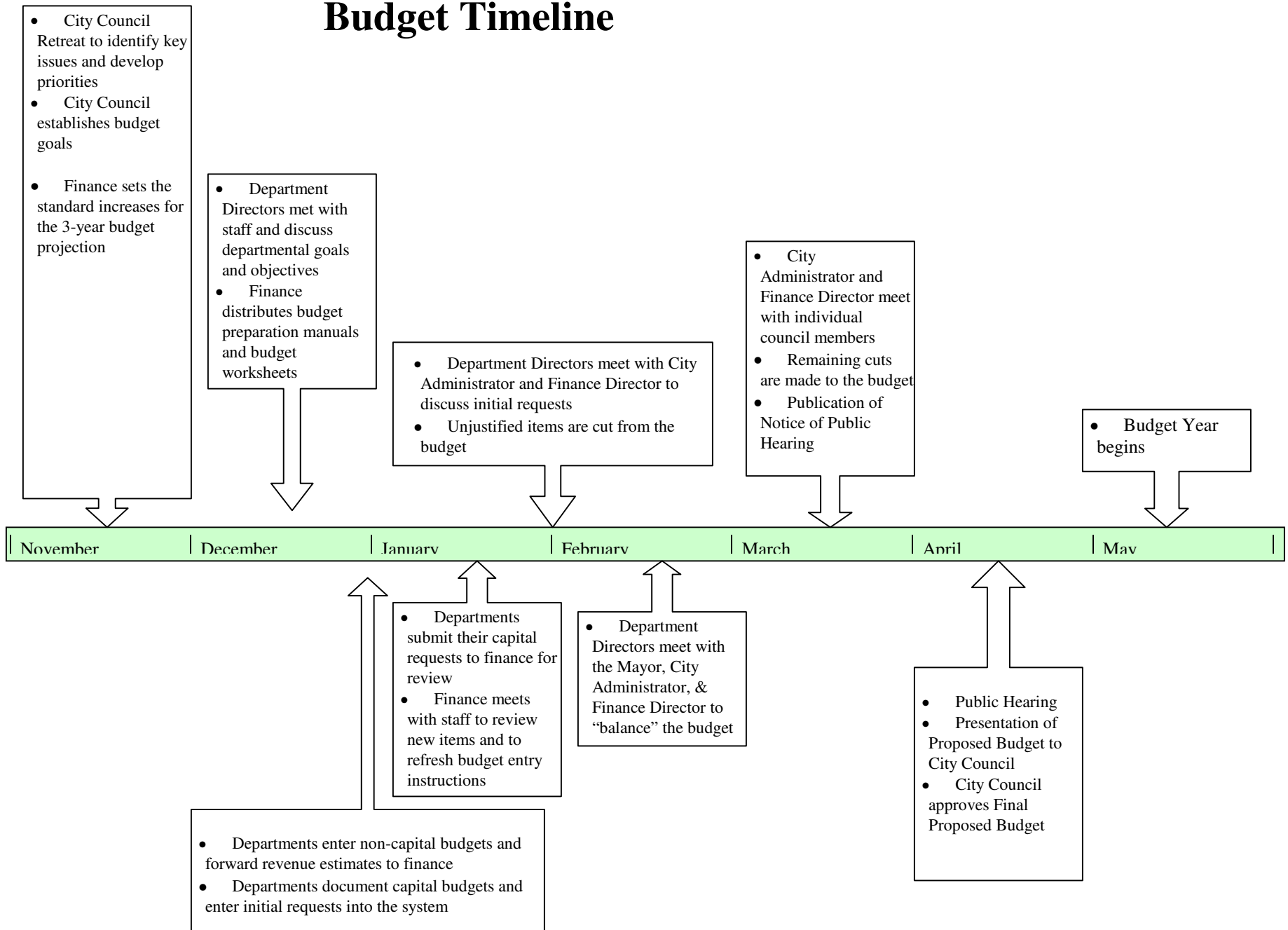
Adoption

The City must make the tentative budget available for public inspection at least ten days prior to passage and notice of a public hearing must be published in a newspaper having general circulation at least one week prior to the hearing. After the public hearing is held, the budget may be further revised and passed without any further inspection, notice or hearing. St. Charles' budget is usually passed at the second Council meeting in April.

Revisions

After the budget is passed, a change may become necessary. The same guidelines are followed whether there is an increase, decrease or lateral line item transfer. A budget revision form is filled out listing the type of request and justification for the revision. The Finance Director must then approve the revision form. Revisions are presented to the City Council monthly and require a two-thirds vote of approval. No revision is made to increase the budget in the event funds are not available to effectuate the purpose of the revision.

Budget Timeline



Policy Goals

Prior to May 1 of each year, the City Council adopts a formal budget for the upcoming fiscal year and estimates revenues and expenditures for three subsequent years. The following policy goals explain how the City arrives at the various decisions of “what” to include in its budget.

The City has four types of policies; *General, Operational, Debt, and Budgetary.*

General Policies

Policy goal: *Create an economic environment that will encourage businesses to locate in St. Charles and create opportunities for existing businesses.*

St. Charles has long been recognized as a desirable place to live and work. This is evidenced by the steady growth in population and sales tax revenue. It is important for the City to continue to develop an environment that will encourage economic development. Otherwise property taxpayers will need to absorb more of the burden to support City services. Revitalization is viewed just as important as new development.

Implementation: The City is taking an operative role in its economic development. This department actively markets St. Charles to developers, retailers, and commercial realtors. It was realized that the downtown area lacked adequate parking and the City’s first parking deck was completed. In an effort to keep in touch with the needs of local business, the Mayor, City Administrator, and Director of Community Development have been visiting various industries to listen to their input and learn more about their operations.

Policy goal: *Seek a ratio of equalized assessed value of two-thirds residential and one-third commercial /industrial.*

A community represents an ecological unit in many respects. Commercial businesses

need customers, industrial businesses need workers, and residents rely on both. The balance among these elements will determine whether the community can remain viable over time. Therefore, it is important for the City to maintain the most optimum mix of residential and business segments.

Implementation: The City has maintained a balance of approximately 67% residential to 21% commercial and 12% industrial for the past ten years. It is anticipated that the next four years will maintain this ratio.

Policy goal: *Investment practices should have avoidance of risk as the primary objective. Secondly, practices should provide for the liquidity, diversification, and lastly, yield.*

Investment practices are driven by two countervailing principles and an investor must choose which controlling principle to use. Accepting a high risk generally means greater returns over the long run. However, the risk tolerance of a public agency is minimal and the first consideration must always be risk avoidance.

Implementation: The City maintains its own investment policy addressing these broad policy issues as well as other investment practices. In addition, the monthly Treasurer’s Report includes investment information about terms, portfolio breakdown, and yields.

Policy goal: *Develop methods to insure public*

participation in decision-making.

Are the processes used to involve citizens in local government decision-making effective for the 21st century? This question is fundamental for a democratic society where citizen involvement is essential. Businesses long ago recognized that they could no longer rely solely on intuition and professional judgement to direct their product development. Most governments, however, remain tied to outdated methods of public input where inflexible procedures and risk management are the guiding principles. It has been well documented that residents feel disenfranchised and ambivalent toward government, which has contributed toward the deterioration of a community-oriented citizenry.

Implementation: St. Charles has developed several programs for gathering information and insights from residents and other parties affected by City Council decisions. A *Priorities* survey is sent to a random sampling of residents annually to assess what services they believe are important and how satisfied they are with those services. Focus groups are used routinely. A cadre of 12 community volunteers was trained as facilitators to conduct focus group discussion on a wide variety of topics. Each month the Mayor, City Administrator, Director of Economic Development and other interested department directors visit an industrial customer to tour their facility. In 2002/2003 business calls will facilitate these meetings on a block-by-block basis. City Hall Housecalls was implemented in 1999 to provide another venue for citizen input. Once each month the Mayor, City Administrator and aldermen from the ward where the Housecall is held meet with a homeowner and their neighbors to discuss any issues the residents' desire. The biannual town meeting provides an opportunity for residents to ask questions and voice concerns to the City, school district, park district and library.



Budgetary Policies

Policy goal: Maintain available fund balance (working capital) of at least 15% of operating expenditures for the General Corporate Fund and 25% for enterprise funds.

In order to allow for seasonal variances and funding emergencies we have established a policy of always maintaining a working capital balance as described above. Available fund balance is defined as the difference between current assets, not including inventory (i.e. cash, investments, accounts receivable), and current liabilities (i.e. accounts payable, accruals, and contracts payable).

Implementation: The proposed budget will meet the above policy.

Policy goal: Prepare an annual budget for the upcoming year and a projection of revenues and expenditures for three subsequent years.

The City needs to understand the impact of current budget decisions on future years. Operating expenditures could be increased to financially imprudent levels and appropriate capital requests deferred if the long-term implications of budget decisions are not clearly understood.

Implementation: The proposed budget is for a four-year period and includes estimates of all operating and non-operating revenues and expenditures.

Policy goal: The budget, to the extent practical, shall be prepared on a basis consistent with generally accepted accounting principals (GAAP).

The budget is prepared on a basis consistent with GAAP except for certain items that are adjusted on the City's accounting system at year-end. During the year, the City's accounting system is maintained on the same basis as the adopted budget. This

enables departmental budgets to be easily monitored via accounting system reports on a monthly basis. The major differences between this budget and GAAP for governmental funds are: a) certain revenues and expenditures (e.g., compensated absences), not recognized for budgetary purposes are accrued (GAAP); and b) self-insurance contributions are recognized as expenditures for budgetary purposes only.

Enterprise fund differences consist of the following: a) certain items (e.g., principal expenditures and capital outlay) are recorded as expenditures for budgetary purposes as opposed to adjustments of the appropriate balance sheet accounts (GAAP); and b) depreciation is recorded as an expense (GAAP) and not recognized for budgetary purposes.

Implementation: The proposed budget reflects the above method of accounting.

Policy goal: Specific goals and objectives will direct the budget plan.

As the City grows, communication among staff, council, and citizens will be more difficult and it is critical that everyone clearly understands the City's priorities. Therefore, formally adopted goals and objectives become increasingly important.

Implementation: A Business Plan is shown in the budget document, which incorporates Citywide goals and departmental objectives. We continue to emphasize the importance of developing goals and objectives, and also have been placing increased emphasis on performance targets that tie to the goals and objectives.

Policy goal: Submit a budget annually to the City Council that is within the City's ability to pay.

The City Council attempts to effectively review the budget in a short period of time. Through attendance at monthly committee meetings, the staff is well aware of council priorities and can prepare a budget within these priorities. In order to limit the Council's review to important policy issues, the staff shall submit a proposed balanced budget to the City Council. Upon submittal to the council, the budget can be changed in any manner desired by the Council.

Implementation: The proposed budget submitted to the City Council is within the City's ability to pay as the tables on pages V-3 through V-6 indicate.

Policy goal: *Prepare a budget that provides meaningful and readily understandable information to interested citizens, as well as, to the City Council and administrative staff.*

Citizens and other external users of City financial reports are generally interested in the cost to provide services rather than organizational costs. However, providing a method to understand organizational costs is an important element of managing the budget.

Implementation: We are constantly searching for methods to enhance the budget's readability and readership. We publish a "Financial Snapshot" that is full of useful information for citizens. We also provide information in the City's bi-monthly newsletter.

Policy goal: *The City will emphasize the adoption of performance measures wherever practical.*

It is difficult for governments to assess performance as easily as private industry. However, it is important for citizens to be able to hold their elected officials and, in turn administrative staff accountable for their actions. Therefore, wherever economically practical, the City will experiment with performance measures until

measures are developed that best measure the benefits provided by the City.

Implementation: St. Charles is one of the few communities in the United States that has been experimenting with performance measurements. We have used the experience gained from this effort to implement performance reporting in our budget plan. In addition the City used its first Balanced Scorecard in FY 2000/01. Under this approach, performance measures are developed in four perspectives, customer, employee, operations and financial. Finally, the City joined the International City/County Management Association's Center for performance measurement to compare our results with those of over 100 other communities across the United States.

Policy goal: *A monthly treasurer's report shall be submitted to the City Council that will include a consolidated balance sheet, summarized statement of revenues and expenditures, analysis of investments, and a narrative explaining any significant variances.*

It is difficult for the Council to review the City's financial activities in great detail; however it is imperative that they are made aware of any unusual occurrences throughout the year. The Treasurer's Report is the means by which this can be done.

Implementation: A monthly treasurer's report is provided with all of the reports indicated.

Policy goal: *Estimate revenues and expenditures realistically taking into account those that have a high degree of elasticity.*

Revenues and expenditures should be estimated realistically, however, care must be taken to understand the changes that can occur because of unforeseen economic events.

Implementation: The budget plan followed this guideline. For example, connection fees are estimated very conservatively.

Operational Policies

Policy goal: Assess user fees wherever the cost of service can be logically associated with the user of a service and the implementation of a user fee is economically justified.

In line with the City's policy to maintain tax rates as low as possible, it shall assess user fees for those services, which can be identified as benefiting a specific group of users. User fees will only be used where the cost to assess the fee is not economically excessive.

Implementation: This budget anticipates increasing electric user fees for inflation. We have managed to maintain low or no increases over the past several years. Only a 2% increase is planned for electric, while a 2% decrease is planned for water and no increase for wastewater.

Policy goal: Provide for the adequate maintenance of capital assets.

Prior to approving the expenditure of funds for the expansion of services, the City council shall ensure that existing services are adequately funded. Maintenance and replacement of capital equipment shall not be deferred to future years as a method to expand existing services.

Implementation: Each department is charged for an estimated lease value of vehicles used in their departments. The revenue collected from this charge is placed in a separate account for replacement of vehicles at some future date. In addition, our four-year plan allows us to recognize major capital planned in future years in order to accumulate the necessary funding.

Policy goal: Pay current operating expenses from current revenues.

Only revenues that will be annually available will fund ongoing expenses. Services will not be expanded beyond the City's level of current operating revenues.

Implementation: The proposed budget will meet the above policy.

Policy goal: Maintain existing service levels.

The City provides a high level of services and while we may find it necessary to adjust our service level somewhat, it is our primary objective to maintain "what we have."

Implementation: Service levels are maintained with this budget and improved in many cases, particularly the downtown.

Debt Policies

Policy goal: Confine long-term borrowing to a time period not to exceed the useful life of the equipment or project.

Extending financing beyond the useful life of a project is a clear sign of financial trouble and is indicative of an organization that is living beyond its means.

Implementation: The City has been financing improvements and equipment at approximately one-half of their useful life. In FY 2000/01 financing is planned for fifteen year and twenty year periods for projects related to road improvements, parking deck improvements, major building improvements, and other miscellaneous projects.

Policy goal: The City will fully disclose information in its financial reports and official statements.

The attitude of full disclosure must pervade all financial reporting in order to maintain public trust, and the confidence of investors and rating agencies.

Implementation: This has always been our practice.

Policy goal: The City will restrict current activities to a point where all bond covenants will be met.

It is important to meet all obligations of the bond covenants, both from a moral and legal standpoint. Our ability to meet these covenants will also reflect on how rating agencies view the City.

Implementation: The City is currently meeting all bond covenants.

Policy goal: Debt service should not exceed 10% of operating expenditures for the General Corporate Fund and 15% for the enterprise funds.

The City has recognized a stated level of debt it believes can be managed. If the City approaches any amount beyond the established levels, then it could signal the City is “living beyond its means.”

Implementation: The City currently meets this standard and shall continue to do so.

Policy goal: Capital expenditures of less than \$500,000 will not be financed.

We have determined the City should be able to “pay as we go” for any capital item of less than \$500,000. Issuance and administrative costs, portions of which are fixed, added to the interest rate obligation, become excessive at levels below \$500,000.

Implementation: Although there may be financing proceeds of less than \$500,000, this is only the result of a continuation of projects that totaled more than \$500,000 but crossed fiscal years.

Financial Trends

| | |
|--------------------------------|-----------------|
| <u>Community Growth Trends</u> | <u>III - 3</u> |
| <u>Comparative Trends</u> | <u>III - 5</u> |
| <u>Revenue Trends</u> | <u>III - 13</u> |
| <u>Expenditure Trends</u> | <u>III - 18</u> |
| <u>Balance Sheet Trends</u> | <u>III - 19</u> |
| <u>Debt Service Trends</u> | <u>III - 25</u> |

Comparisons and Trends

Financial Condition – “A local government’s ability to finance its services on a continuing basis.”

In order to prosper, municipalities must be keenly aware of their financial health. Local officials must monitor, analyze, and respond to changing environments in order to insure their municipality’s present and future viability. If local governments fail to be financially proactive the consequences can be drastic.

Trend analysis allows the City of St. Charles to monitor changes and anticipate future problems. This section identifies the factors that affect financial condition and rationally arranges them to facilitate analysis and measurement. This information serves as a management tool by pulling together information from City documents and combining it with relevant economic and demographic data. The end result is a report based on a series of financial indicators that, when plotted over time, can be used to monitor changes in financial condition and alert City officials to future problems. This report contains indicators that are grouped together into seven categories, those being:

Community Growth Trends – These indicators were developed to provide information about trends in the community that influence the financial performance of the City. A community that is growing will have certain pressures placed upon it as well as the financial gains it may realize as a result of this growth.

Comparative Trends – This data compares the financial health of the City to its “comparable communities.” St. Charles competes with other municipalities for tax dollars. In addition, neighboring communities can place demands upon the City’s infrastructure.

Revenue Trends – These revenue trends provide detailed analysis concerning the City’s property and sales tax base. In addition, any other significant revenue sources are included in this section. Since sales tax is the City’s primary general government revenue source, it receives the bulk of the analysis.

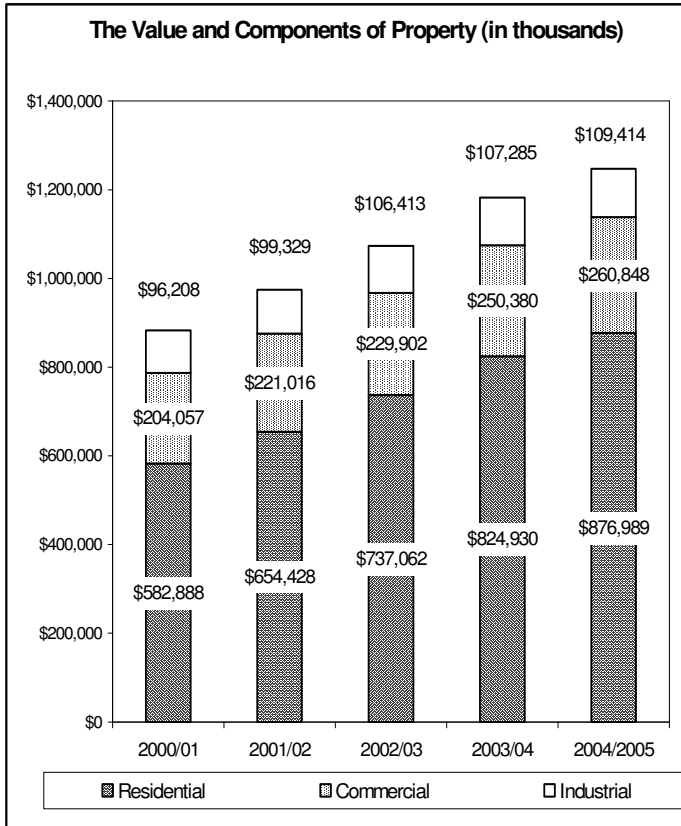
Expenditure Trends – Understanding the City’s revenue trends only presents a portion of the City’s financial picture. Expenditure trends are analyzed in conjunction with revenue in order to understand the relationship between the two.

Balance Sheet Trends – These charts focus on the City’s general fund and enterprise funds. Plotting the position of these funds over a period of years provides insight into how much wealth the City has accumulated. Consideration is also given to the various pension funds that the City is obligated to support.

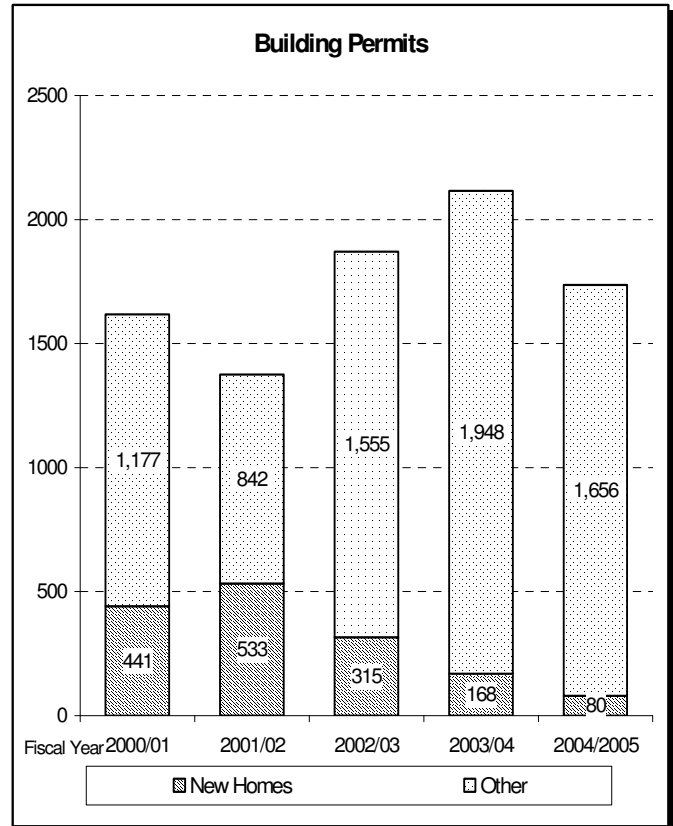
Enterprise Fund Trends – This information focuses on the City’s business-type activities, also known as enterprise funds. Business-type activities include electric, water, sewer, and refuse services. These trends evaluate revenues, expenditures, and fund balances.

Debt Service Trends – Debt service trends provide an overview of the City’s debt picture by including charts that illustrate general obligation debt and overlapping debt from other jurisdictions. These indicators monitor how the City is fairing in both regards.

Community Growth Trends: Property



Of the 56% increase in assessed values, the highest was in residential property



As new home construction has slowed, building permits issued have decreased

Indicator Description

Property in Illinois is assessed at 1/3 its fair market value, and the assessed value is the base for the property tax rate.

Trend Analysis

Assessed valuations for St. Charles have increased by approximately 56% for the period under review. The City has also been able to maintain an appropriate balance between residential (67%), commercial (21%), and industrial developments (12%). Growth in assessed value is expected to continue, but at a slower pace due to decreasing availability of undeveloped land.

Traditionally, St. Charles has been able to maintain a well-diversified tax structure, since sales tax could be relied on as a major funding source. However, increased competition from neighboring communities for sales tax dollars increases the City's reliance on property taxes to maintain and enhance current services. The City continually strives to diversify its tax structure.

Indicator Description

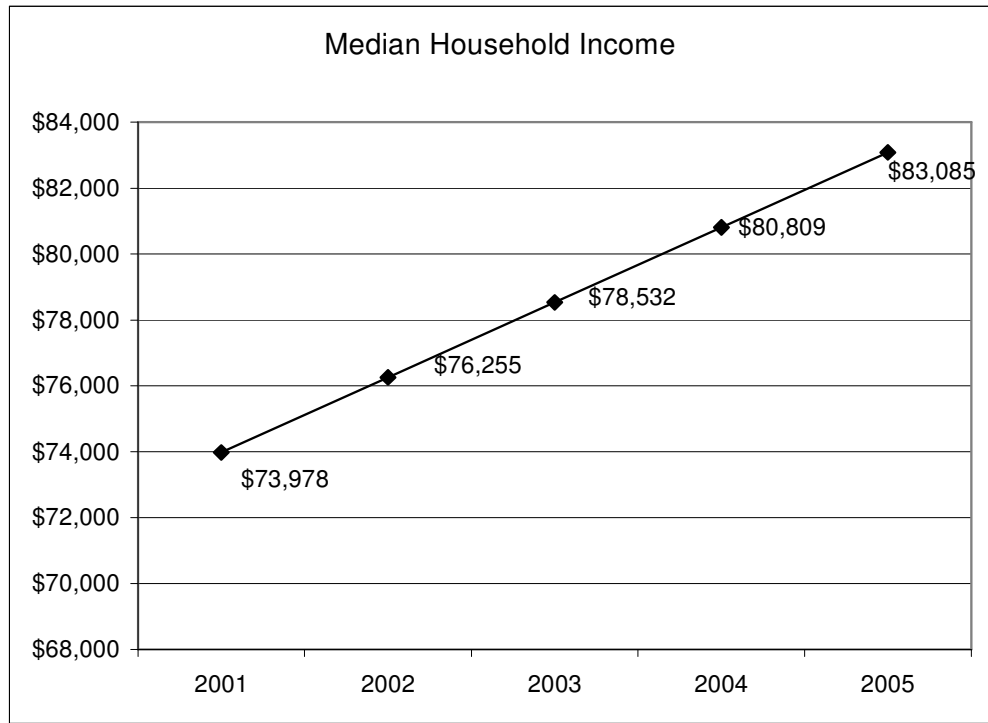
One indication of a growing community is the number of building permits issued annually. Total construction permits reported include new construction, alterations, additions and repairs. The residential component of building permits demonstrates how rapidly the community has grown.

Trend Analysis

Building activity decreased this year compared to recent years. Once again, new home construction has continued to decrease as the land available for building declines. A concern over growth is whether the City has the capacity to manage the increased effects on operations and infrastructure. While utilities are able to effectively manage the growth, there is a noticeable decline in the efficiency of the transportation infrastructure. Operationally, the City has been able to meet the demand for services.

Source: St. Charles Comprehensive Annual Financial Report (CAFR)

Community Growth Trends: Income



The median household income in St. Charles continues to increase well above the national average

Indicator Description

Median household income is one measure of a community's ability to pay taxes: the higher the household income, the more taxes the community is able to generate. Credit rating agencies use this indicator as one measure of a local government's ability to repay debt. These agencies compare income with per resident governmental expenditures to determine whether growth in income is keeping pace with growth in expenditures.

Trend Analysis

Median household income for the City of St. Charles is considerably higher than the national average of \$44,389 (2004), which provides for a stable tax base. St. Charles, nevertheless, has traditionally not relied exclusively on its resident tax base. Sales tax

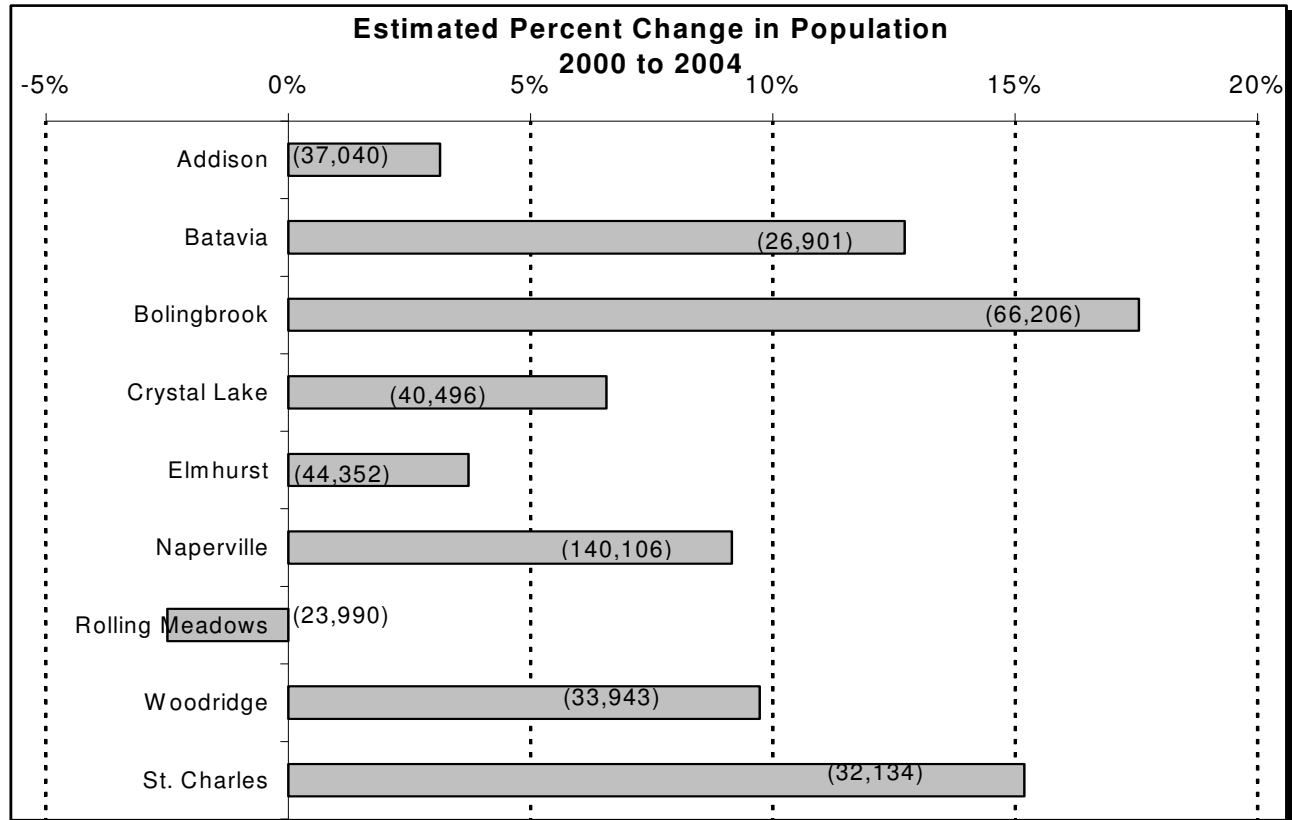
revenue, the single largest revenue source in the General Fund, taxes visitors as well as residents.

However, as median household income increases, the quality of services expected by residents typically increases as well, and the City of St. Charles works to continuously improve service delivery while minimizing the fiscal impact on residents.

These projections are based on the United States Census reports from 1990 and 2000. In 1990 the median household income in St. Charles was \$46,655 and by 2000 this number climbed to \$69,424. In 2000, the national average was only \$41,994.

Source: U.S. Census Bureau and projections

Comparative Trends: Population



The population change in St. Charles was just over 15%, which takes some of the City's high growth period into account

Indicator Description

In order to calculate the percentage change in population over four years, the 2000 through 2004 population estimates were used from some comparable communities. The 2004 population estimates are in parenthesis. Population can directly affect levels of government revenues and expenditures, so it is important to track growth rates and population changes.

Trend Analysis

St. Charles has realized increases in population for sometime. Its percentage change in population over the four year period shown was just over 15%. Overall, St. Charles had the second highest percentage change in population among these comparable

communities, although its population is close to the median of those presented. Batavia, the closest neighboring community, experienced growth similar to that in St. Charles (almost 13% over the period). Rolling Meadows, however, showed a decline in population.

The more recent increases in St. Charles' population reflect new construction on the west side of the City.

However, as available land for residential development becomes more scarce, it is expected that this population growth will slow.

Source: U.S. Census Bureau and Northeastern Illinois Planning Commission data and estimates.

Comparative Trends: Financial Condition

| Ten Point Test of Financial Condition ⁽¹⁾ | | | | | | | |
|--|------------|------------|------------|-------------------------------|------------------------------------|---------------------|-------------------------|
| -----Fiscal Year 2004 Data----- | | | | | | | |
| | FY2003 | FY2004 | FY2005 | Comparable Communities (2) | IL Benchmark Municipalities (3) | Desired Tendency | St. Charles Position |
| 1) Total Revenue / Population | \$1,074.21 | \$1,041.59 | \$1,155.74 | \$886.66 | \$864.69 | High | Positive |
| 2) Local GF Revenue / Total GF Revenue | 93.69% | 93.65% | 93.50% | 94.29% | 85.82% | High | Positive |
| 3) Other Fund Sources / GF Sources | 1.12% | 0.30% | 0.00% | 2.66% | 3.36% | Low | Positive |
| 4) Operating Expenditures / Total Expenditures | 88.84% | 81.01% | 79.10% | 81.49% | 77.59% | Low | Stable |
| 5) Total Revenues / Total Expenditures | 92.77% | 90.71% | 94.71% | 87.74% | 93.46% | High | Positive |
| 6) Total GF Balance / (4) Total GF Revenue | N/A | N/A | 43.95% | 39.30% | 47.25% | High | Improve |
| 7) Total GA Cash & Investments / (5) Total GA Liabilities | N/A | N/A | 389.70% | 581.25% | 656.68% | High | Improve |
| 8) Total GA Liabilities / (6) Total Revenue | N/A | N/A | 12.35% | 11.24% | 12.64% | Low | Positive |
| 9) General Obligation Debt / Population | \$882.48 | \$955.20 | \$1,088.89 | \$634.06 | \$618.68 | Low | Improve |
| 10) Total Debt Service Expend. / Total Revenue | 8.10% | 7.56% | 8.80% | 11.80% | 17.24% | Low | Positive |

Indicator Description

The Ten Point Test of Financial Condition utilizes ratios and the latest data available (1) to compare a city's finances with other communities. The City of St. Charles as compared to similar, local communities (2), and a group of benchmark Illinois municipalities (3). The last column indicates whether it is desirable for the ratio to be high or low. In 2005, new accounting structures dictated by GASB 34 made it necessary to alter some of the original Ten Point Test ratios (see footnotes for detailed description of changes).

Trend Analysis

According to these indicators, the City appears to be in good financial condition: the City's revenue per capita (ratio 1) is at its highest in seven years and remains higher than other communities. Likewise for ratio 2, the City is more self-sufficient and does not

have to rely on operating transfers to finance general government operations (ratio 3). Operating expenditures continue to decline as a percentage of total expenditures (ratio 4), and revenues over expenditures (ratio 5) continue an upward climb. Ratio 6 shows that the City's fund balance, its "savings," continues to grow. The City's liabilities are also a reasonably low portion of its revenue (ratio 8).

There are cautionary indicators that require further explanation. Ratio 7 has been significantly impacted by GASB 34 fund changes and no longer is a sound measure of operating position, since these figures are significantly impacted by things such as bond issues and payables in the Governmental Activity fund. St. Charles has higher debt per capita (ratio 9) attributed to bonds issued to finance capital improvement projects including bridge reconstruction,

a parking deck and municipal renovation. While this ratio is high, ratio 10 is more in line with the comparison group averages indicating the debt is manageable. In this light, such debt levels can be viewed favorably indicating investment in community infrastructure. The City is not expected to accrue any additional debt for the foreseeable future.

(1) Data was calculated from the latest available (FY 2004) Annual Financial Reports publicly available from the Illinois Comptroller. St. Charles' data is from the 2005 Comprehensive Annual Financial Report. Adjustments have been made for GASB 34. Electric Utility and Housing Development debt is not included in ratio 9 since few municipalities have such programs.

(2) "Comparable Communities" include the 22 communities determined to be comparables for 2006.

(3) "IL Benchmark Municipalities" include the 70 communities who were awarded a Certificate for Excellence in Financial Reporting in 2003 from the Government Finance Officers' Association and were present in the State Comptroller's Database.

(4) This ratio was formerly Unreserved GF Balance over GF Revenue, but Unreserved GF Balance is no longer a specific line item due to GASB 34, so total GF Balance has been substituted.

(5) The figures for Cash & Investments as well as Liabilities were formerly drawn from the GF, but due to GASB 34, the GF figures are no longer available and the Governmental Activities fund has been substituted.

Comparative Trends: Community Survey

Per Capita Expenditure Comparison

| Rank | Municipality | Adjusted Budget | Population | Cost of Government Per Capita |
|------|-------------------|-----------------|------------|-------------------------------|
| 1 | Schaumburg | \$178,950,047 | 75,386 | \$2,373.78 |
| 2 | Des Plaines | \$121,183,399 | 56,945 | \$2,128.08 |
| 3 | Glenview | \$82,314,935 | 44,042 | \$1,869.01 |
| 4 | Niles | \$55,179,681 | 30,063 | \$1,835.47 |
| 5 | Skokie | \$100,429,815 | 63,348 | \$1,585.37 |
| 6 | Wilmette | \$42,014,894 | 27,400 | \$1,533.39 |
| 7 | Arlington Heights | \$114,100,534 | 76,943 | \$1,482.92 |
| 8 | Downers Grove | \$71,311,805 | 50,851 | \$1,402.37 |
| 9 | Naperville | \$179,336,551 | 137,987 | \$1,299.66 |
| 10 | Northbrook | \$44,291,420 | 34,419 | \$1,286.83 |
| 11 | Park Ridge | \$43,344,900 | 37,775 | \$1,147.45 |
| 12 | Mt. Prospect | \$62,670,787 | 56,265 | \$1,113.85 |
| 13 | Palatine | \$68,643,088 | 65,920 | \$1,041.31 |
| MEAN | | \$89,520,912 | 58,257 | \$1,546.11 |

Indicator Description

The next several charts are from a survey performed by the City of Park Ridge, which compares expenditures and revenues of various communities. To establish St. Charles' financial condition in terms of other municipalities, the comparisons have also been calculated for St. Charles.

Trend Analysis

The per capita expenditure comparison reviews how much a municipality expends per resident, based on the annual budget. St. Charles shows an excellent standing in this comparison, as its expenditures per resident are the third highest among the group. Although communities in this comparison are larger in size than St. Charles, they are useful to consider as all are relatively prosperous suburban communities.

Annual Revenues Received from Average Home

| | Vehicle License | Dog License | Garbage Charge | Yard Waste Charge | Water Bill | Utility Tax | Sewer Charge | Total Property Tax | Total Direct Payments |
|--------------------------------|-----------------|---------------|-----------------|-------------------|----------------|-------------|----------------|--------------------|-----------------------|
| Assumptions for Sample Family: | \$1.00 | 1.00 Neutered | 104 Bags Yearly | 12 Bags Yearly | 97,000 Gallons | | 97,000 Gallons | \$40,000 EAV | |
| Arlington Heights | \$30.00 | \$12.00 | \$260.52 | \$18.60 | \$388.16 | \$34.20 | \$31.04 | \$451.92 | \$1,126.44 |
| Des Plaines | \$30.00 | \$3.00 | \$168.00 | N/A | \$368.16 | \$86.40 | \$73.92 | \$468.00 | \$1,197.48 |
| Mt. Prospect | \$36.00 | \$5.00 | N/A | \$21.00 | \$396.73 | \$122.97 | \$98.80 | \$514.16 | \$1,194.66 |
| Wilmette | \$50.00 | \$5.00 | \$162.00 | \$27.00 | \$164.69 | N/A | \$307.34 | \$401.60 | \$1,117.64 |
| Naperville | N/A | \$4.00 | N/A | \$22.20 | \$291.95 | \$177.60 | \$237.45 | \$297.52 | \$1,030.72 |
| Downers Grove | N/A | N/A | \$236.08 | \$27.24 | \$356.96 | \$122.65 | N/A | \$257.20 | \$1,000.13 |
| Glenview | N/A | \$3.00 | \$112.08 | \$20.40 | \$308.46 | \$168.70 | \$87.30 | \$274.40 | \$974.34 |
| Park Ridge | \$35.00 | \$8.00 | N/A | N/A | \$378.70 | \$187.64 | N/A | \$360.80 | \$970.14 |
| Palatine | \$25.00 | \$5.00 | \$228.00 | \$3.60 | \$164.90 | \$22.80 | \$34.92 | \$433.60 | \$917.82 |
| Northbrook | \$30.00 | \$10.00 | \$177.00 | \$17.40 | \$305.55 | \$59.50 | \$77.60 | \$239.20 | \$916.25 |
| Skokie | \$20.00 | \$6.00 | N/A | N/A | \$272.33 | N/A | N/A | \$425.60 | \$723.93 |
| Schaumburg | \$20.00 | \$4.00 | \$173.76 | N/A | \$407.91 | \$34.20 | \$78.57 | N/A | \$718.44 |
| Niles | \$25.00 | N/A | N/A | \$12.00 | \$329.80 | \$74.70 | N/A | \$269.20 | \$710.70 |
| MEAN | \$30.10 | \$5.91 | \$189.68 | \$18.83 | \$318.02 | \$99.21 | \$114.10 | \$399.38 | \$976.82 |
| St. Charles | N/A | N/A | N/A | \$36.00 | \$194.22 | N/A | \$393.33 | \$299.26 | \$922.81 |

Annual Revenues Received from Average Home

| | Vehicle License | Dog License | Garbage Charge | Yard Waste Charge | Water Bill | Utility Tax | Sewer Charge | Total Property Tax | Total Direct Payments |
|--------------------------------|-----------------|---------------|-----------------|-------------------|----------------|-------------|----------------|--------------------|-----------------------|
| Assumptions for Sample Family: | \$1.00 | 1.00 Neutered | 104 Bags Yearly | 12 Bags Yearly | 97,000 Gallons | | 97,000 Gallons | \$40,000 EAV | |
| Arlington Heights | \$30.00 | \$12.00 | \$260.52 | \$18.60 | \$388.16 | \$34.20 | \$31.04 | \$451.92 | \$1,126.44 |
| Des Plaines | \$30.00 | \$3.00 | \$168.00 | N/A | \$368.16 | \$86.40 | \$73.92 | \$468.00 | \$1,197.48 |
| Mt. Prospect | \$36.00 | \$5.00 | N/A | \$21.00 | \$396.73 | \$122.97 | \$98.80 | \$514.16 | \$1,194.66 |
| Wilmette | \$50.00 | \$5.00 | \$162.00 | \$27.00 | \$164.69 | N/A | \$307.34 | \$401.60 | \$1,117.64 |
| Naperville | N/A | \$4.00 | N/A | \$22.20 | \$291.95 | \$177.60 | \$237.45 | \$297.52 | \$1,030.72 |

| | | | | | | | | | |
|---------------|---------|---------|----------|---------|----------|----------|----------|----------|------------|
| Downers Grove | N/A | N/A | \$236.08 | \$27.24 | \$356.96 | \$122.65 | N/A | \$257.20 | \$1,000.13 |
| Glenview | N/A | \$3.00 | \$112.08 | \$20.40 | \$308.46 | \$168.70 | \$87.30 | \$274.40 | \$974.34 |
| Park Ridge | \$35.00 | \$8.00 | N/A | N/A | \$378.70 | \$187.64 | N/A | \$360.80 | \$970.14 |
| Palatine | \$25.00 | \$5.00 | \$228.00 | \$3.60 | \$164.90 | \$22.80 | \$34.92 | \$433.60 | \$917.82 |
| Northbrook | \$30.00 | \$10.00 | \$177.00 | \$17.40 | \$305.55 | \$59.50 | \$77.60 | \$239.20 | \$916.25 |
| Skokie | \$20.00 | \$6.00 | N/A | N/A | \$272.33 | N/A | N/A | \$425.60 | \$723.93 |
| Schaumburg | \$20.00 | \$4.00 | \$173.76 | N/A | \$407.91 | \$34.20 | \$78.57 | N/A | \$718.44 |
| Niles | \$25.00 | N/A | N/A | \$12.00 | \$329.80 | \$74.70 | N/A | \$269.20 | \$710.70 |
| MEAN | \$30.10 | \$5.91 | \$189.68 | \$18.83 | \$318.02 | \$99.21 | \$114.10 | \$399.38 | \$976.82 |

Indicator Description

In order to determine the typical amount of revenues received from average homes in a community, assumptions have been set for each category. An “N/A” indicates the municipality does not charge for this service or receive direct revenue from it.

Trend Analysis

St. Charles is mid-range among these municipalities in terms of direct revenues received from residents; only 6 communities collect less directly. The mean for this category indicates that the City is still below the average of taxes being levied in other communities.

Comparative Trends: Community Survey Continued

Supplemental Revenue Sources

| | Ambulance Charge | | | | | Package Liquor Tax | | Food & Beverage Tax | | Gasoline Tax | |
|-------------------|--------------------|----------|------------------------|----------|----------------|--------------------|----------|---------------------|-------------|--------------|-------------|
| | Rate for Residents | | Rate for Non-Residents | | Annual Revenue | Rate | Revenue | Rate | Revenue | Rate | Revenue |
| | Basic | Advanced | Basic | Advanced | | | | | | | |
| Arlington Heights | \$300 | \$300 | \$400 | \$400 | \$644,375 | 1.25% | N/A | 1.25% | \$1,889,239 | N/A | N/A |
| Des Plaines | N/A | N/A | \$350 | \$350 | \$188,881 | N/A | N/A | 1.00% | \$769,662 | \$0.02/gal | \$1,052,946 |
| Downers Grove | \$350 | \$500 | \$450 | \$650 | \$533,532 | N/A | N/A | N/A | N/A | \$0.015/gal | \$1,444,388 |
| Glenview | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mt. Prospect | N/A | N/A | \$200 | \$200 | \$25,200 | 1.00% | N/A | 1.00% | \$660,998 | \$0.01/gal | \$156,914 |
| Naperville | \$300 | \$300 | \$500 | \$500 | \$713,528 | N/A | N/A | 1.00% | \$1,874,429 | \$0.02/gal | \$805,188 |
| Niles | \$150 | \$290 | \$250 | \$390 | \$567,982 | N/A | N/A | N/A | N/A | N/A | N/A |
| Northbrook | \$350 | \$350 | \$500 | \$500 | \$297,330 | N/A | N/A | N/A | N/A | N/A | N/A |
| Palatine | \$250 | \$350 | \$350 | \$450 | \$729,450 | N/A | N/A | 1.00% | \$925,786 | N/A | N/A |
| Park Ridge | \$268 | \$340 | \$268 | \$340 | \$328,812 | 2.00% | \$89,881 | 1.00% | \$329,075 | \$0.01/gal | \$145,835 |
| Schaumburg | \$225 | \$280 | \$320 | \$385 | \$906,931 | N/A | N/A | 2.00% | \$7,267,024 | N/A | N/A |
| Skokie | \$310 | \$360 | \$410 | \$480 | \$797,357 | N/A | N/A | N/A | N/A | N/A | N/A |
| Wilmette | \$350 | \$450 | \$350 | \$450 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| St. Charles | \$350 | \$350 | \$475 | \$475 | \$835,725 | N/A | N/A | 0.50% | \$692,047 | N/A | N/A |

Additional Supplemental Revenue Sources

| | Sales Tax Revenue | Local Option Sales Tax | | E-911 Surcharge | | Amusement Tax Revenue | Hotel Tax | | Property Transfer Tax | |
|-------------------|-------------------|------------------------|--------------|--------------------|----------------|-----------------------|-----------|-------------|-----------------------|-------------|
| | | Rate | Revenue | Per Line/Per Month | Annual Revenue | | Rate | Revenue | Rate | Revenue |
| Arlington Heights | \$16,527,653 | 0.750% | \$5,397,509 | \$0.75 | * | N/A | 5.0% | \$191,907 | N/A | N/A |
| Des Plaines | \$8,355,738 | 0.750% | \$549,606 | \$1.00 | \$1,365,032 | N/A | 5.0% | \$706,309 | \$2/1,000 | \$1,004,785 |
| Downers Grove | \$17,195,000 | 0.500% | \$4,299,000 | N/A | N/A | N/A | 5.0% | \$724,025 | N/A | N/A |
| Glenview | \$14,500,000 | 0.500% | \$2,000,000 | \$1.00 | \$620,500 | \$100,000 | 5.0% | \$575,000 | N/A | N/A |
| Mt. Prospect | \$11,502,756 | 0.750% | \$3,538,587 | \$0.75 | * | N/A | 3.0% | \$68,597 | \$3/1,000 | \$1,143,518 |
| Naperville | \$25,639,996 | N/A | N/A | \$1.00 | \$571,435 | \$23,305 | 4.4% | \$1,111,993 | \$3/1,000 | \$5,839,312 |
| Niles | \$18,886,734 | 0.750% | \$6,662,950 | \$1.00 | \$411,467 | | 2.0% | \$42,655 | \$3/1,000 | \$792,938 |
| Northbrook | \$10,323,980 | 0.500% | \$2,826,913 | \$0.75 | \$568,221 | \$147,612 | 5.5% | \$436,925 | N/A | N/A |
| Palatine | \$11,743,223 | 1.000% | \$4,296,091 | \$0.75 | * | N/A | 5.0% | \$263,467 | N/A | N/A |
| Park Ridge | \$4,175,117 | 0.500% | \$798,699 | \$1.00 | \$480,071 | N/A | 4.0% | \$207 | \$2/1,000 | \$771,706 |
| Schaumburg | \$50,804,345 | 1.000% | \$20,923,111 | N/A | N/A | \$564,166 | 8.0% | \$4,904,155 | \$1/1,000 | \$807,509 |
| Skokie | \$22,176,045 | 1.000% | \$9,864,503 | N/A | N/A | N/A | 3.5-6% | \$995,741 | \$3/1,000 | \$2,217,244 |
| Wilmette | \$3,428,000 | 0.500% | \$4,000,000 | \$1.50 | \$85,000 | N/A | N/A | N/A | \$3/1,000 | \$1,300,000 |
| St. Charles | \$16,862,721 | 1.000% | \$5,337,237 | \$0.50 | * | \$66,482 | 5.0% | \$1,637,380 | N/A | N/A |

* Surcharge revenues paid to regional 911 centers

Indicator Description

In addition to the revenue sources indicated on the previous page, this survey calculates supplemental revenue sources—including the rate and revenue amount. An “N/A” indicates no revenue is gathered from the mentioned sources.

not all types of taxes available are utilized. While the City does collect revenue from ambulance services, this is not a true revenue source, as the funds go to the Tri-City Ambulance fund exclusively. Also, St. Charles will be eliminating the current Food and Beverage Tax in fiscal year 2006/07.

Trend Analysis

This analysis shows St. Charles in a good standing—although there is a balanced revenue base in the City,

Comparative Trends: Tri-City Household Comparison

| Chart 1: Annual Municipal Service Tax Burden | | | | |
|---|------------------------------|-----------------|-----------------|-----------------|
| | Usage per Month/ Value | St. Charles | Batavia | Geneva |
| Electric Utility Tax | 1600/ 700 kwh | \$46.58 | \$35.15 | \$29.88 |
| Gas Utility Tax | \$101.00 | \$0.00 | \$37.43 | \$46.78 |
| Telecommuni- cation Tax | \$70.00 | \$45.00 | \$54.00 | \$40.50 |
| Water Utility Tax | 11,000/ 7,000g | \$0.00 | \$14.32 | \$15.80 |
| Food & Beverage | \$374 | \$23.04 | \$0.00 | \$0.00 |
| Yard Waste Fee | Varies | \$36.00 | \$0.00 | \$19.20 |
| Property Tax | \$300,000 home | \$723.65 | \$533.69 | \$606.79 |
| Home Rule Sales Tax | \$426 | \$51.17 | \$0.00 | \$0.00 |
| Total Annual Taxes/Fees | | \$925.45 | \$674.59 | \$758.95 |

Chart 1: Indicator Description

This chart shows the total amount of money a typical household would pay for general government services based on the city of residence. In order to accurately compare the municipalities, underlying assumptions were used to describe a typical household and then rates and fees are applied.

Trend Analysis

The chart indicates residents in St. Charles as having the highest tax burden, but several factors lead to this, including the home rule sales tax, food and beverage tax, as well as an additional \$0.05 of the property tax in St. Charles, which is dedicated to the construction of a new bridge. Also, unlike the other two municipalities, St. Charles does not have a gas or water utility tax. In the past, St. Charles had maintained a property tax rate lower than its surrounding communities, however, increased competition for sales tax revenue has caused the City to place more reliance on non-elastic revenue sources such as the property tax.

| Chart 2: Tri-City Utility Rate Comparison | | | |
|--|-------------------|-------------------|-------------------|
| | St. Charles | Batavia | Geneva |
| Electric | \$969.85 | \$950.44 | \$999.31 |
| Water | \$198.72 | \$372.42 | \$331.70 |
| Sewer | \$402.60 | \$269.73 | \$214.42 |
| TOTAL | \$1,571.17 | \$1,592.58 | \$1,545.43 |

Chart 2: Indicator Description

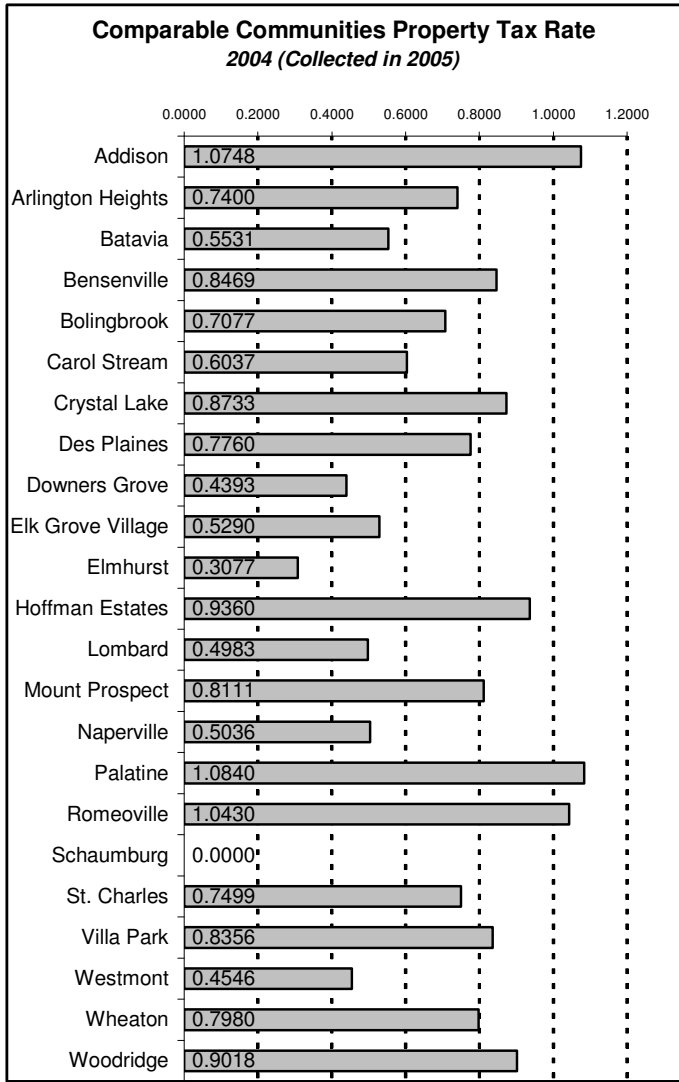
This chart shows the total amount of money a typical household would pay for public utilities including all local and state taxes as of 12/31/05. The public utilities are operated as businesses and financed by user charges. It is therefore important to be competitive with neighboring jurisdictions.

Trend Analysis

Overall, the City's utilities are very competitive with Batavia and Geneva's. A resident of St. Charles would pay more for sewer services, but less for water and electric. However, it is important to note that St. Charles' rates reflect proposed expansion but the rates for other cities may not. Also, as St. Charles' and Batavia's long term power contracts terminate in 2007 and Geneva's in 2005, their ability to secure affordable wholesale power will impact future electric rates, though St. Charles has been proactive in planning for this future possibility.

Source: Rate survey and Census Projections

Comparative Trends: Property Tax



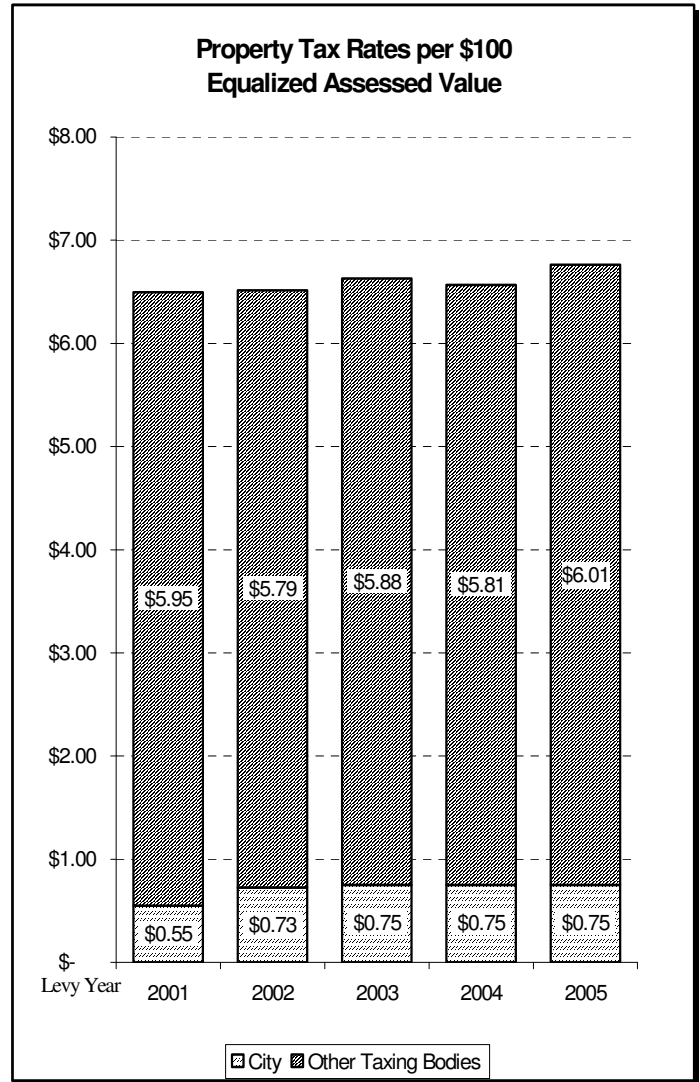
Among its comparables, St. Charles maintains a steady and average property tax rate

Indicator Description

The City maintains a policy of levying property taxes at a rate, which keeps the City in the bottom half of its comparable communities. For comparison purposes, a community's fire protection district is included when a City does not provide its own fire service.

Trend Analysis

The City remains cognizant of the total local tax burden for residents and continues to diversify revenue sources to meet budgetary policy. The City anticipates that its property tax rate will remain below the 50th percentile, as no property tax rate increases are planned in the upcoming years. In addition, the City continues to expand its commercial tax base in order to increase sales tax revenue, carefully monitor whether user fees are offsetting costs, aggressively collect all revenue owed, and invest all funds in line with City investment policies.



The City is not the only beneficiary of property taxes and takes only a portion

Indicator Description

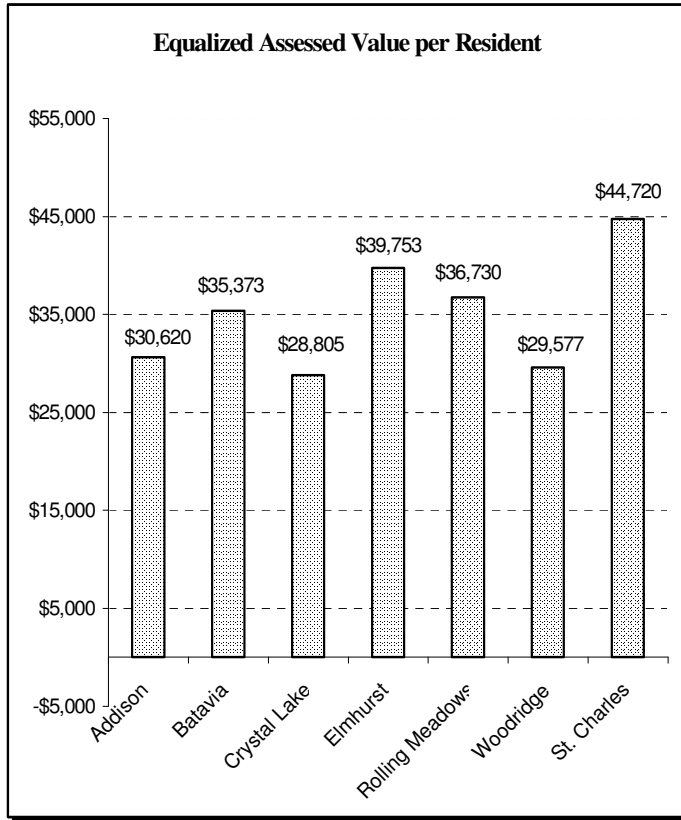
The above chart illustrates the City's portion of the property tax rate as compared to rates of overlapping governments (i.e.: school district, park district, library district, etc.). Decisions related to tax levies must take into consideration the total community tax rate including all overlapping governmental units.

Trend Analysis

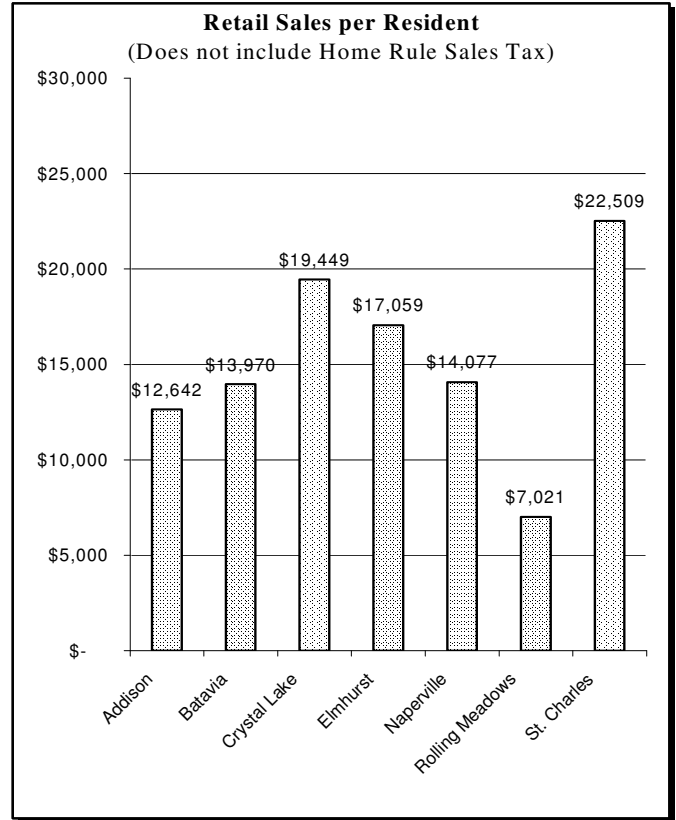
The City has been able to keep its rate relatively low during the period under consideration. In 2002 and 2003 the tax rate did increase in order to adjust to increased competition for sales tax dollars, as well as to fund major initiatives the City plans to undertake. The City's policy is to tax in the bottom half of its comparable communities.

Source: St. Charles CAFR

Comparative Trends: Per Resident Measures



Of these comparables, St. Charles has the highest property value per resident



Benefiting from a strong retail base, the City has the highest retail sales revenue

Indicator Description

Using 2004 EAV figures and population figures from the 2000 Census, this indicator reflects a comparison of the City's property value per resident with that of its comparable communities.

Trend Analysis

Of the seven communities listed above, St. Charles has the highest per resident property value. St. Charles also benefits from a strong retail base. Property value per resident gives an indication of the level of services that a city must provide. Higher property values would indicate the presence of commercial and industrial properties versus a community, which may contain a greater proportion of housing. Overall, St. Charles is a well-balanced community.

Source: Kane and DuPage County Records

Indicator Description

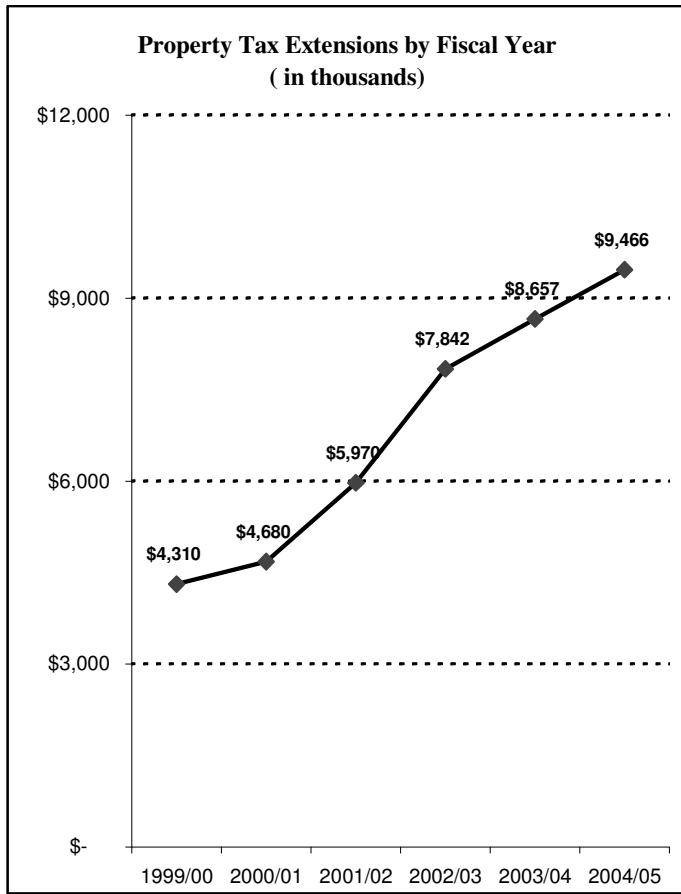
This indicator presents a comparison of the City's total retail sales (for first three quarters of 2005) for which the municipal sales tax can be levied divided by the population. By comparing retail sales per resident with that of other communities in close proximity, the potential sales tax revenue can be compared regardless of the sale tax rate each community levies.

Trend Analysis

Of the seven communities represented, St. Charles receives the largest amount of retail sales per resident. St. Charles has benefited from both its strong sales tax base and its ability to levy a home rule sales tax. High sales tax revenues mean St. Charles is able to fund City services through a large number of non-residents and residents shopping in City limits. Due to competitive commercial bases in Geneva and Batavia, sales tax revenue has leveled off.

Source: Illinois Department of Revenue

Revenue Trends: Property Tax



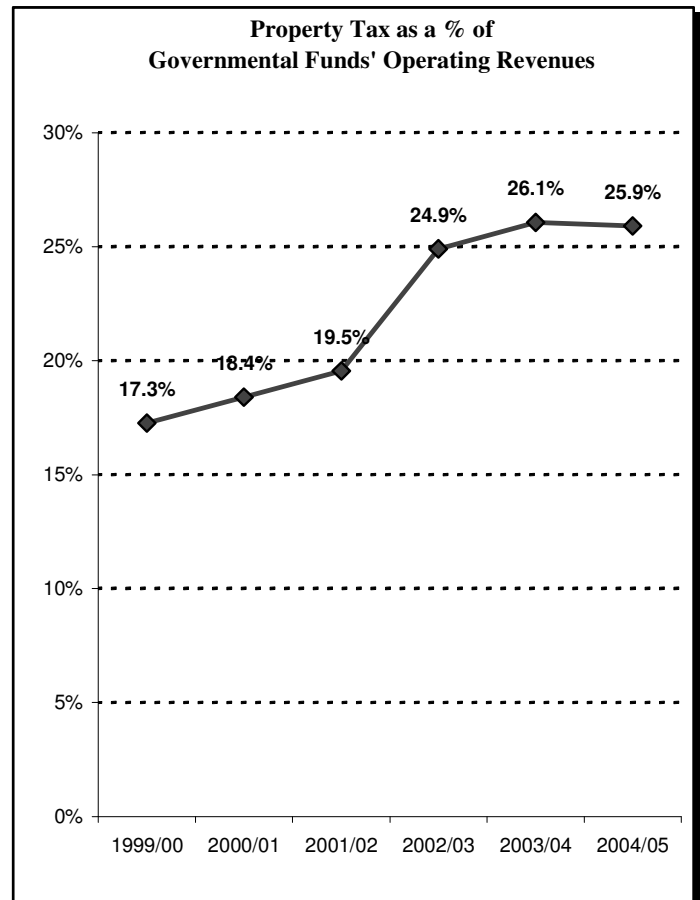
Recent years show steady increases in property taxes as a revenue source

Indicator Description

Above is a six-year history of the City's property tax revenue (in 1,000s). The City is not heavily reliant upon this revenue source, as are many other municipalities. To illustrate this, property taxes (excluding pensions) only constitute approximately 26% of total general fund revenues.

Trend Analysis

Traditionally, the City has been able to maintain low property tax rates due to the large amount of sales tax revenue it receives, but with growing competition for sales tax dollars, revenue sources have become more diversified. Past increases in the property tax have helped fund major initiatives (Century Station remodeling, First Street Redevelopment, and Public Works Garage renovation). The City has also been setting aside \$600,000 per year in anticipation of constructing a new bridge. Importantly, property taxes are not as sensitive to economic fluctuations and help provide financial stability.



The trend has principally been upward, due to increased reliance on the property tax

Indicator Description

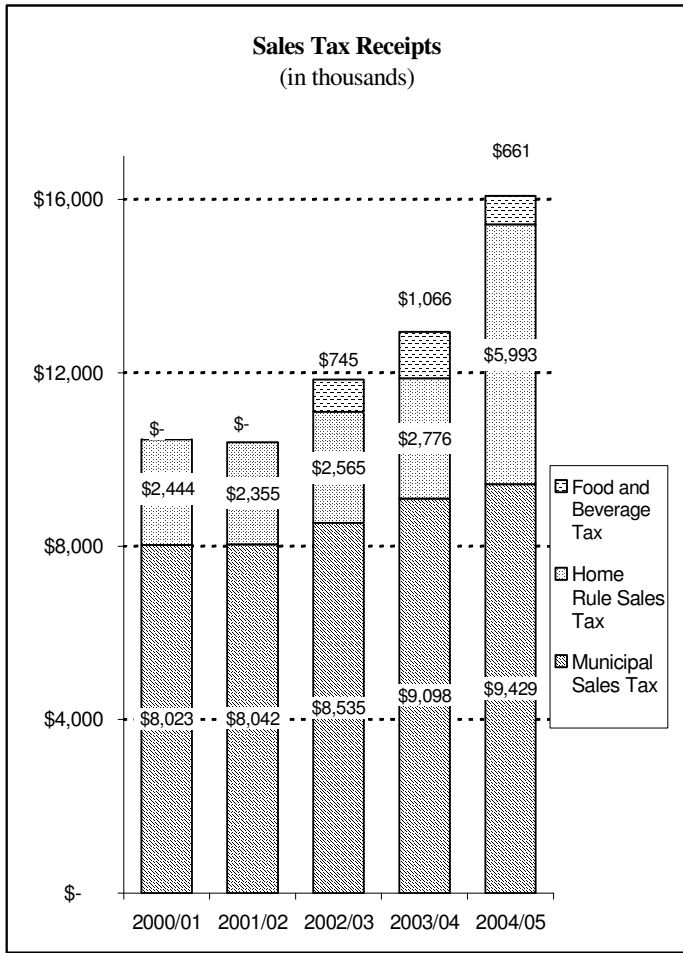
This indicator compares property tax revenue to that of net operating revenues, which are revenues from the general fund, debt service funds, and special revenue funds. Capital projects funds revenue is not included. This graph highlights the degree of dependence on property taxes to fund services such as police, fire protection, and street repair.

Trend Analysis

Pension obligations and other mandatory obligations constitute the majority of percentages graphed above. The upward trend in the graph reflects the steps the City has taken to increase its reliance on property taxes, due to increased competition for sales tax revenue, major capital initiatives, and general economic conditions.

Source: St. Charles CAFR

Revenue Trends: Sales Tax



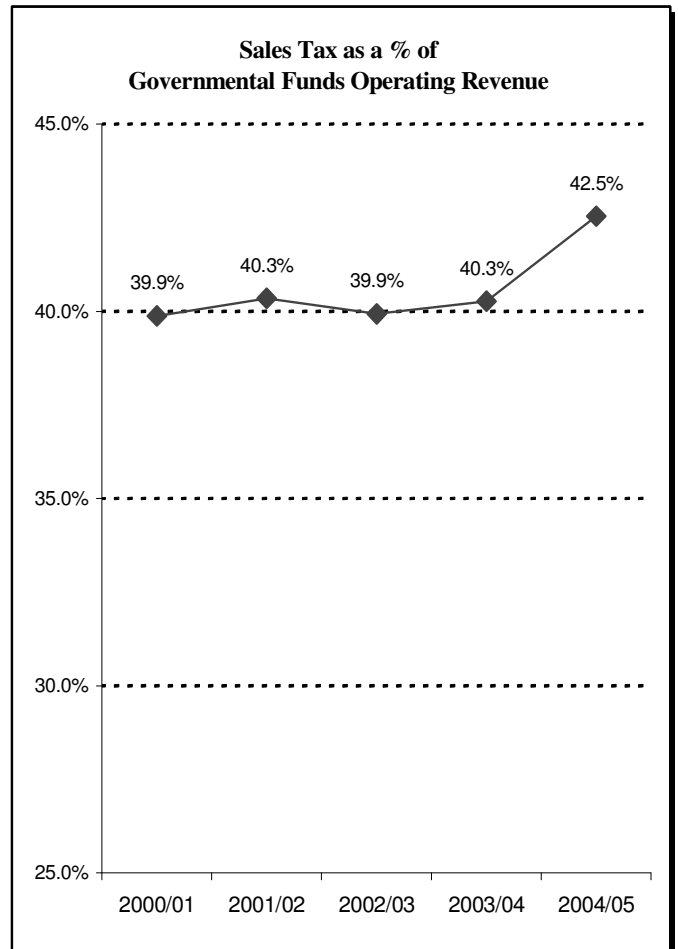
Sales tax revenues increased, except for food and beverage due to a rate decrease

Indicator Description

Forty-two percent of general fund revenue was derived from sales tax in fiscal year 2004/05 despite an increased reliance on property taxes due to heightened retail competition over the past few years. A strong feature of this type of tax is that a large portion of it is paid by non-residents.

Trend Analysis

Sales tax is an elastic source of revenue, meaning it is highly dependent on local economic conditions. Fluctuations have occurred that have caused the City to diversify the sources of revenue it uses. The City approved a .25 percent home rule sales tax in 1996 and increased that tax by an additional .25 percent increase in 1997 and by .50 percent in 2004. The home rule sales tax is included in the above table and applies to all general merchandise excluding groceries, pharmaceutical drugs and titled vehicles. A 1% food and beverage tax was implemented in August 2003 and lowered to .50% in 2004.



Despite more reliance on property tax, 42% of revenues come from sales

Indicator Description

This indicator compares sales tax revenue to that of net operating revenues, which are revenues that are available for general governmental functions, such as: police and fire protection and street repair.

Trend Analysis

While the trend over the past five years has been a gradual decrease in reliance on sales taxes, it remains the key revenue source for most of the City's core operations. This year, the percentage of sales taxes was the highest since 1997/98. Sales taxes are often paid by non-residents and increase during healthy economic periods making them a desirable source of revenue. On the other hand, having such a significant portion of operating revenue reliant on consumer purchases, means greater susceptibility to economic fluctuations; whereas, other sources such as property taxes remain somewhat stable.

Source: St. Charles CAFR

Revenue Trends: Sales Tax

| Sales Tax Receipts by Kind of Business | | | | | | | | | | |
|--|-------------|------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| Calendar Year | 2000 | % of Total | 2001 | % of Total | 2002 | % of Total | 2003 | % of Total | 2004 | % of Total |
| General Merchandise | 678,810 | 6.9 | 877,517 | 8.4 | 1,199,313 | 10.9 | 1,704,677 | 14.4 | 1,873,505 | 14.2 |
| Food | 1,419,626 | 14.4 | 1,876,763 | 18.1 | 1,956,162 | 17.7 | 1,991,415 | 16.9 | 1,273,736 | 9.7 |
| Drinking & Eating | 1,432,690 | 14.5 | 1,154,733 | 11.1 | 1,205,717 | 10.9 | 1,270,850 | 10.8 | 1,517,913 | 11.5 |
| Apparel | 347,157 | 3.5 | 327,479 | 3.1 | 325,113 | 2.9 | 306,322 | 2.6 | 294,436 | 2.2 |
| Furniture & Fixtures | 262,524 | 2.7 | 196,545 | 1.9 | 164,699 | 1.5 | 166,869 | 1.4 | 282,051 | 2.1 |
| Lumber & Hardware | 774,854 | 7.9 | 470,626 | 4.5 | 456,669 | 4.1 | 740,711 | 6.3 | 1,135,592 | 8.6 |
| Auto & Filling Stations | 2,360,336 | 24.0 | 2,469,264 | 23.8 | 2,335,905 | 21.2 | 2,416,005 | 20.5 | 3,462,891 | 26.2 |
| Drugs & Other Retail | 1,089,183 | 11.1 | 1,276,525 | 12.3 | 1,342,638 | 12.2 | 1,366,252 | 11.6 | 1,677,816 | 12.7 |
| Other | 1,087,981 | 11.0 | 1,130,531 | 10.9 | 1,206,813 | 10.9 | 1,104,489 | 9.4 | 1,467,375 | 11.1 |
| Manufacturers | 396,705 | 4.0 | -49,959 | -0.5 | 155,534 | 1.4 | 165,198 | 1.4 | 213,727 | 1.6 |
| Total | \$9,850,136 | 100% | \$10,396,585 | 100% | \$11,042,959 | 100% | \$11,803,431 | 100% | \$13,199,041 | 100% |

Indicator Description

This table is presented to distinguish the sources of sales tax revenue received by the City. The information is given by calendar year, rather than fiscal year. As shown, the foundation of the City's sales tax receipts comes from the sale of automobiles, filling station services and groceries. Being aware of what percentage certain retail goods constitute of the whole can provide City officials with some sense of the diversity of the City's sales tax base and how well that diversity can withstand economic slow downs.

Trend Analysis

Several developments have affected sales tax revenue:

In response to a slow-down in sales tax revenue growth due to retail development in Batavia and Geneva, the City Council approved a .25% home rule sales tax in 1996. A second .25% was approved in 1997 but implemented in 1998 and increased by .50 percentage points in 2004. This tax on the sale of general merchandise only, not including food or titled

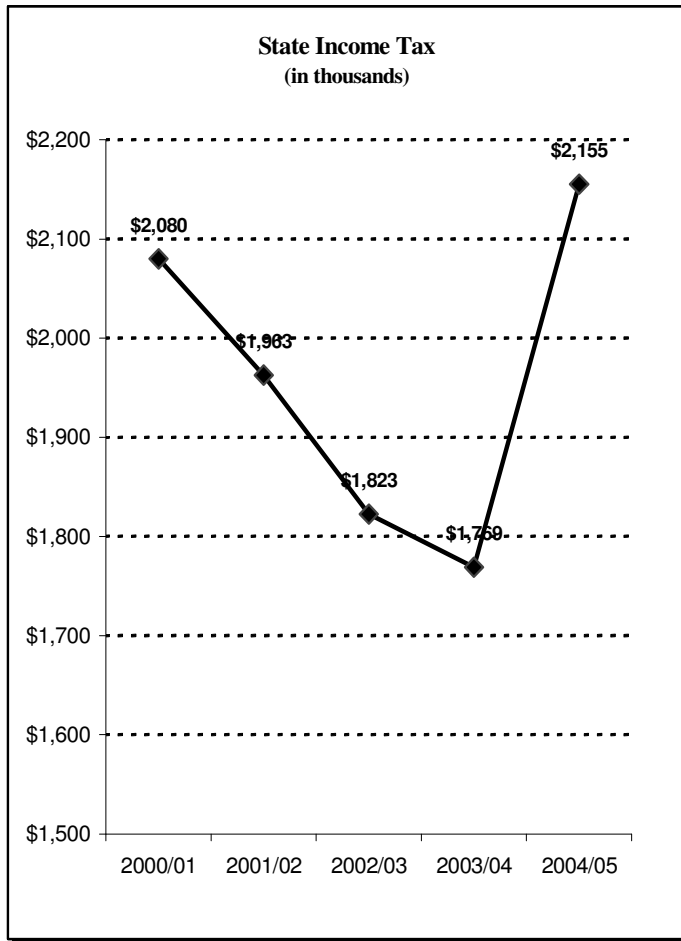
vehicles, is included in the above table and resulted in revenue increases.

The departure or arrival of a single business can affect sales tax revenue. For example, when two lumber companies diverted their sales tax revenue to another municipality in 2001, sales tax revenue for lumber and manufacturing industries fell dramatically. The loss of two furniture stores in 2001 also resulted in a drop of revenue in this category. On the positive side, the opening of Meijer in 2002 resulted in increased revenue for general merchandise and food.

Although not depicted in this table, a 1% food and beverage tax was implemented in August 2002. It appears that spending at restaurants was inelastic to this change because sales tax revenue, which does not include the food and beverage tax revenue, grew in the drinking and eating category during 2003 and 2004.

Source: Illinois Department of Revenue

Revenue Trends: Intergovernmental Revenues



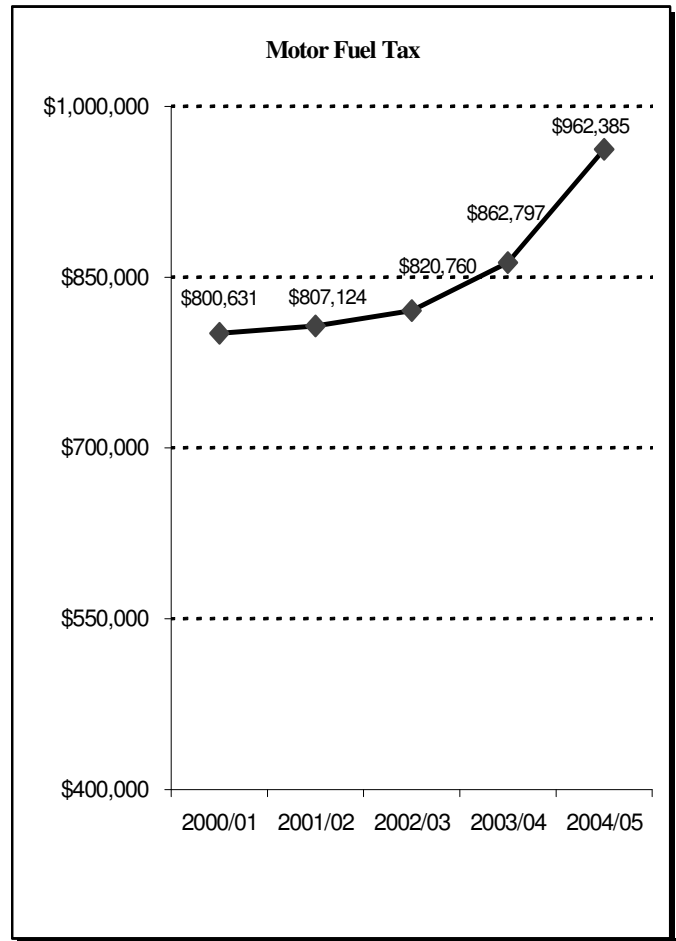
Increased income tax revenues have resulted from system changes and the economy

Indicator Description

This chart illustrates the amount of income tax the City has received via the State of Illinois. These funds, which are subject to changes in the state funding formula, are significant revenue sources for the City. Along with changes in the funding structure, the City's population and economic health directly impact how much the City will receive in income tax.

Trend Analysis

This five-year period saw a revenue peak in 2000/01 and 2004/05. However, the fluctuations prior to 2001/02 were due to the changing distribution system of the tax. A second factor that can affect income tax is an increase in the City's population. A special census was conducted in the summer of 2003 and the increase in population slowed the continued decline in this revenue source. Finally, the income tax is tied closely to the personal income of individuals and business; therefore, the condition of the economy plays an important role in the level of taxable personal and corporate income.



Official increases, such as a census, have resulted in additional revenue

Indicator Description

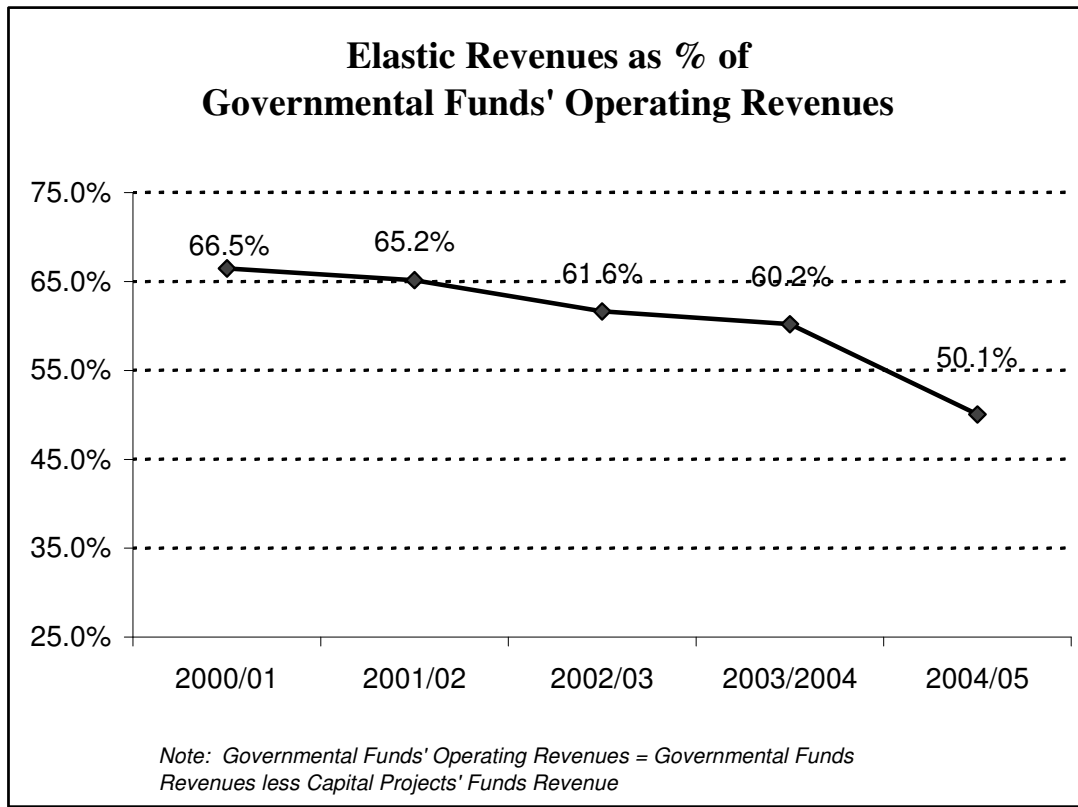
This chart illustrates motor fuel tax revenues since motor fuel tax revenues are essential to the maintenance and construction of city streets and right-of-ways. These funds are distributed via the State of Illinois.

Trend Analysis

Motor fuel tax receipts are based on a per capita amount and the remainder of the tax is allocated among various state agencies based on differing formulas. The graph indicates that total dollar distributions have grown at an annual average of 4.7% for the last five years. The increase in this past year can be attributed to the increase in population due to the special census conducted in 2003 and increased fuel prices. It is expected that this revenue will continue to grow at a similar rate over the next few years.

Source: St. Charles CAFR

Revenue Trends: Elastic Revenues



St. Charles continues to decrease reliance on elastic revenues, which can fluctuate significantly with economic conditions

Indicator Description

Elastic revenues are considered to be responsive to changes in the economy. The general fund revenues considered to be elastic include: sales and use taxes, municipal utility tax, admissions tax, motor fuel tax, licenses and permits, interest on investments, and income taxes. The property tax is a good example of a non-elastic revenue. During strong economic conditions, elastic revenues will increase paralleling business growth.

A balance between elastic and inelastic revenues mitigates the effects of economic growth or decline. During inflation, it is desirable to have a high percentage of elastic revenues because inflation pushes up revenue yield, keeping pace with the higher prices the City must pay. If the percentage of elastic revenues decline during inflation, the government becomes more vulnerable because inflation pushes up

the price of services but not the yields of new revenues.

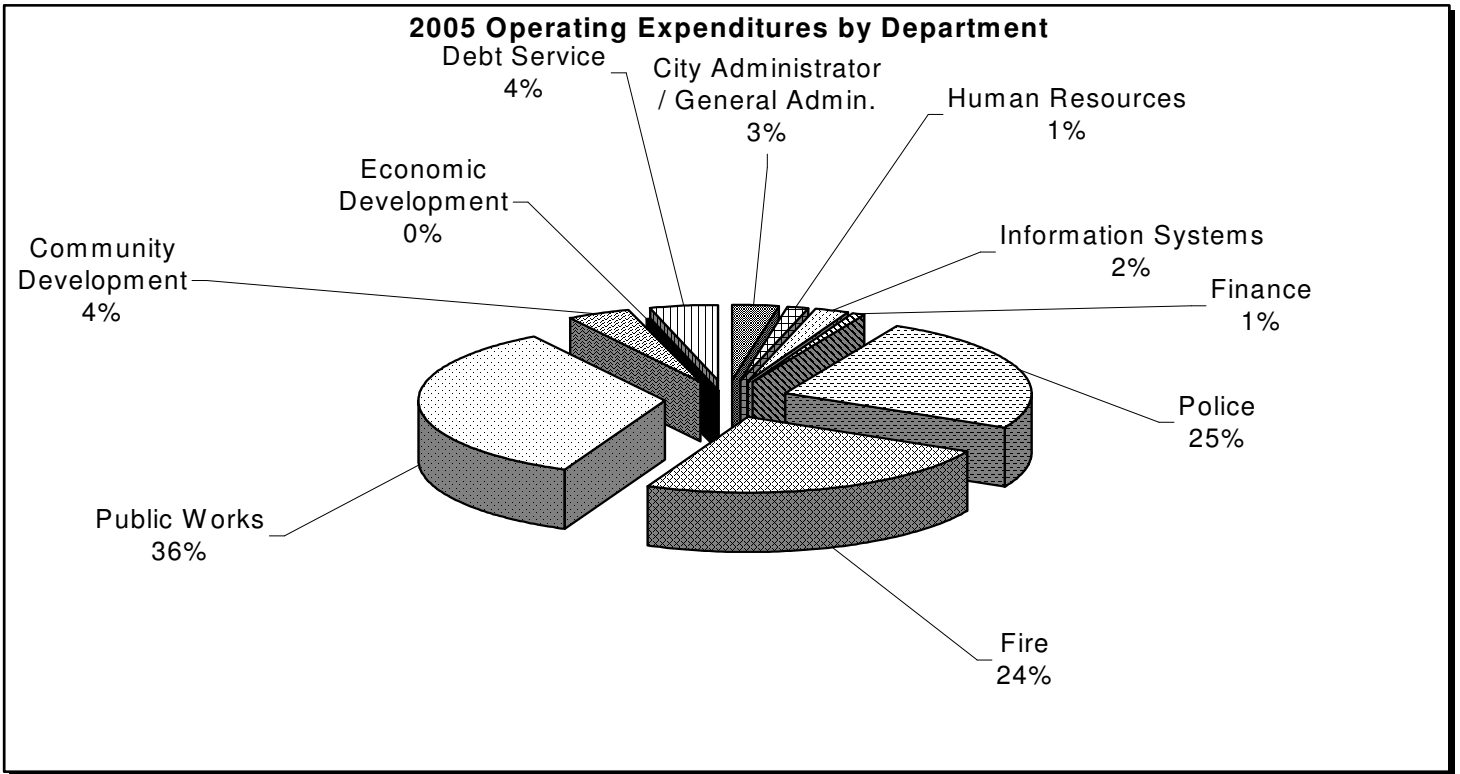
Trend Analysis

As the graph indicates, the City's general fund is still made up of a large proportion of elastic tax revenue.

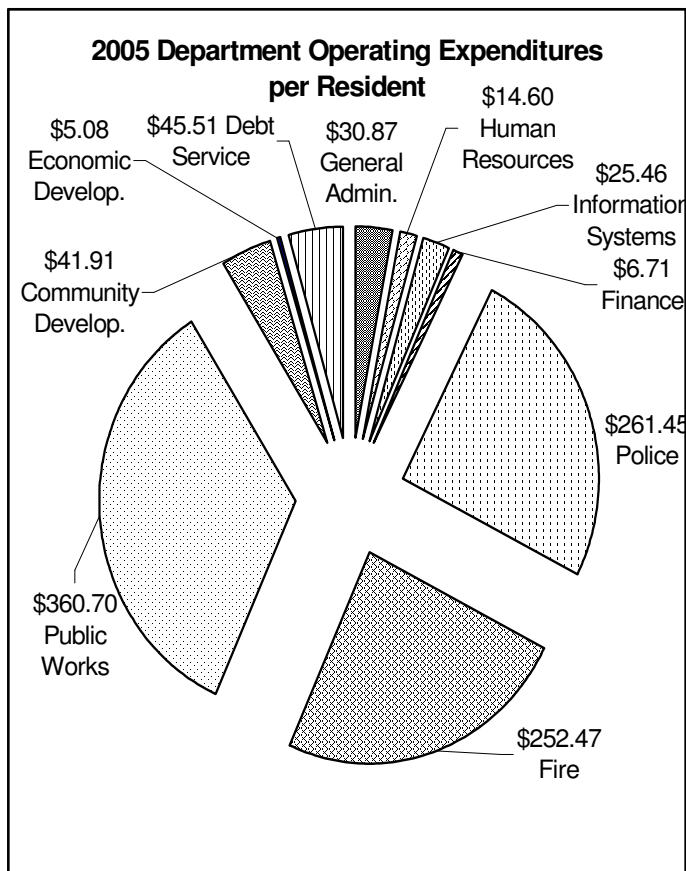
However, the trend since 2000/01 is toward more inelastic revenue sources as a result of property tax increases and slower sales tax growth. It is expected that the trend of decreasing reliance on elastic revenues to support general operations will continue at a slower pace in the near future, although the economy of St. Charles has traditionally been strong and a policy of greater reliance on elastic revenues has traditionally worked well for the City.

Source: St. Charles CAFR

Expenditure Trends: Operating Expenditures



Expenditures per resident are generally stable and tend to fluctuate with increases in population and additional needs in terms of public safety and public works



Indicator Description

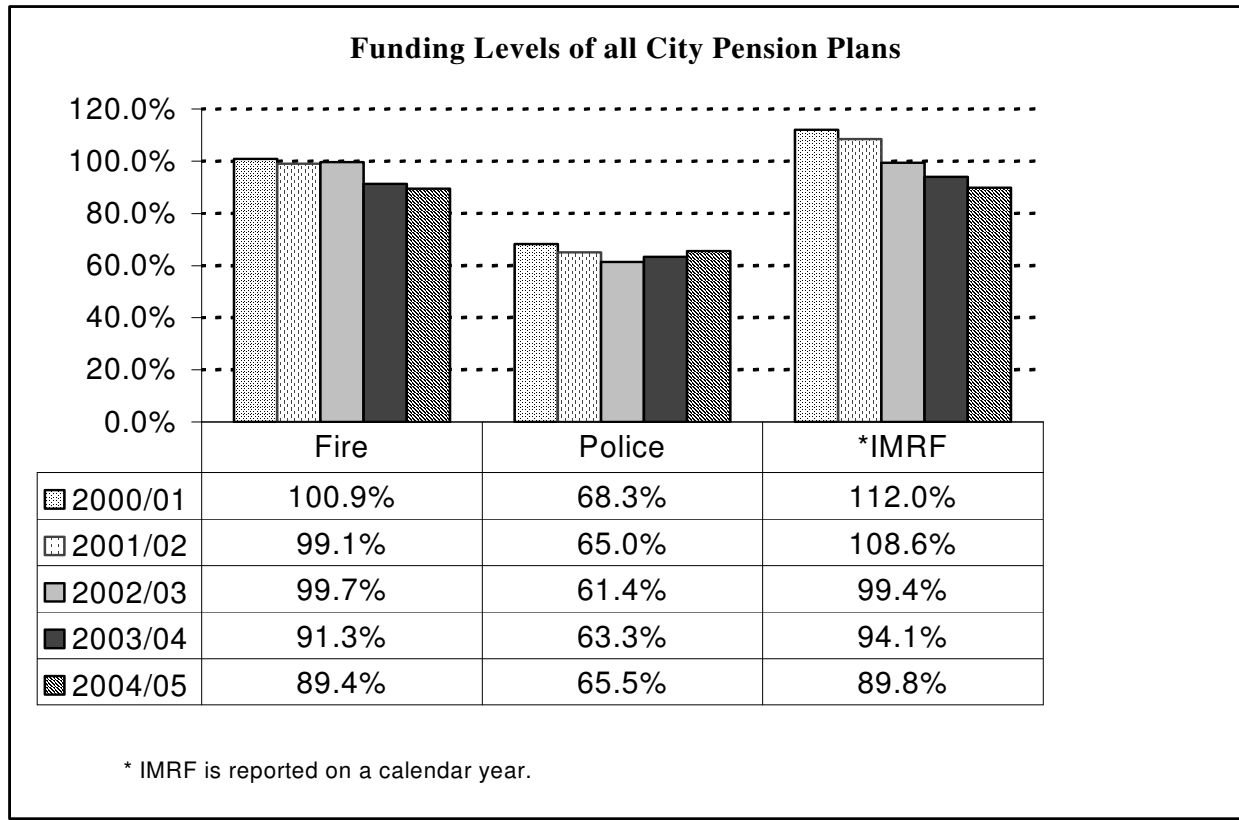
These pie charts represent net operating expenditures for the General Governmental funds (less Capital Projects) per resident of St. Charles. In total, the 2004/05 operating expenditures was \$1,045, which was up from \$961 in 2003/04.

Trend Analysis

The majority of the municipality's expenditures are for Public Works and Public Safety (Police and Fire). Expenditures per resident have been relatively stable—increases reflecting relative changes in the population. The City must often expand services to meet increase demand and also keep pace with the often rising cost of goods and services.

Source: St. Charles CAFR

Balance Sheet Trends: City Pension Plan Funding



Although the state of Illinois determines the pension benefits, the City continues to fund pensions while trying to maintain lower tax rates

Indicator Description

Pension benefits are costs that can be difficult to control. Community size determines staffing levels and pension benefits are determined by the State of Illinois. Rapidly accelerating costs could place a financial strain on property taxes. Since the amount of funding is paid out over a long period of time, the funding level does not have to be at 100%. A good financial position is 70%+ funded. The City tries to balance its responsibility to fund its pension obligations along with its desire to maintain low tax rates. A decline in the funding levels can also be reflective of the current state of the economy and market values.

Trend Analysis

The police pension fund has seen a decrease in its funding level since 1999/00, but the fund saw a slight

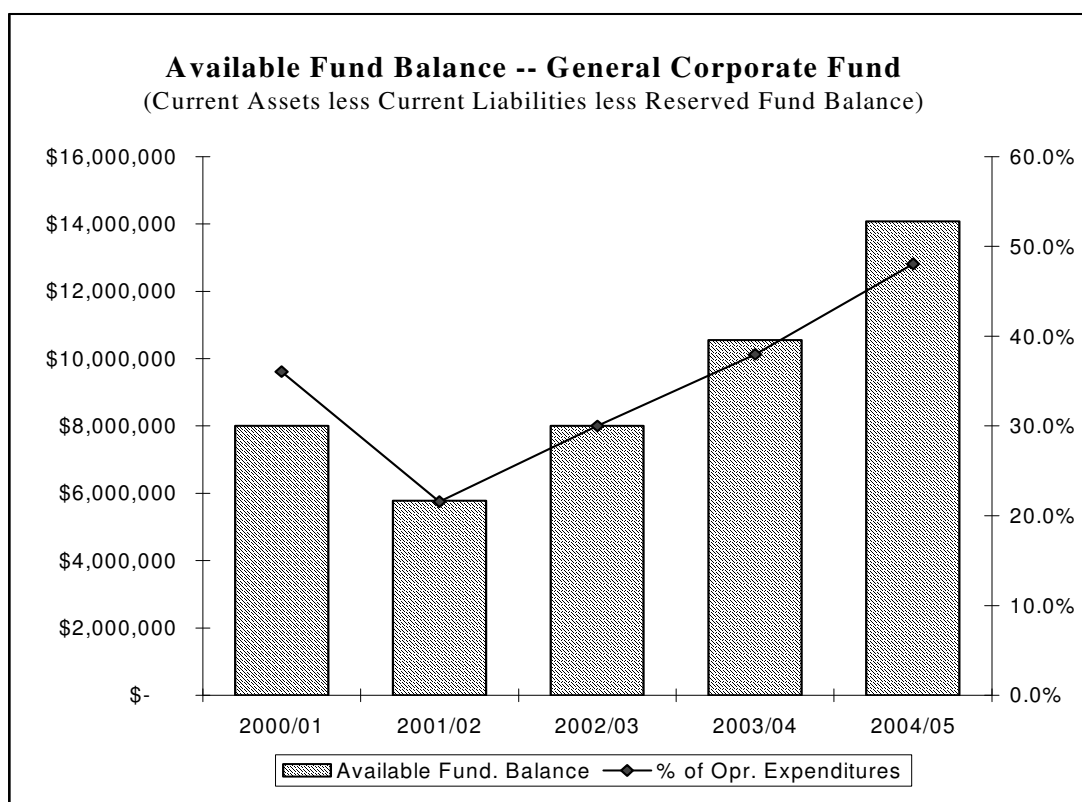
increase in 2004/05. Although this would appear to be an unfavorable trend, it is somewhat misleading due to the conversion to GASB 27 which was a change in accounting method of reporting investments at market value. However, it is also a result of the Police Pension Board's decision to invest more heavily in stocks. The fire pension fund is in

excellent financial condition, as illustrated, although the funding level has dipped in 2001/02, 2003/04, and 2004/05.

The IMRF (Illinois Municipal Retirement Fund) had seen increasing funding levels prior to conversion. The strong market is primarily responsible for the higher funding level in prior years.

Source: St. Charles CAFR

Balance Sheet Trends: Corporate Fund



The City continues to maintain a general fund balance significantly above its policy of 25% to increase financial stability in case of emergency

Indicator Description

The size of the City's general fund available balance (current assets less current liabilities less reserved portion of the Fund Balance) can affect its ability to withstand financial emergencies. It can also affect its ability to accumulate funds for capital purchases without having to issue debt. Our policy is to maintain a minimum available general fund balance of 25% of operating expenditures, which was increased from 15% in 2004. This fund balance percentage differs from the fund balance reported as part of the 10 Point Test because it compares the Fund Balance to Expenditures whereas the 10 Point Test compares it to Revenue.

Trend Analysis

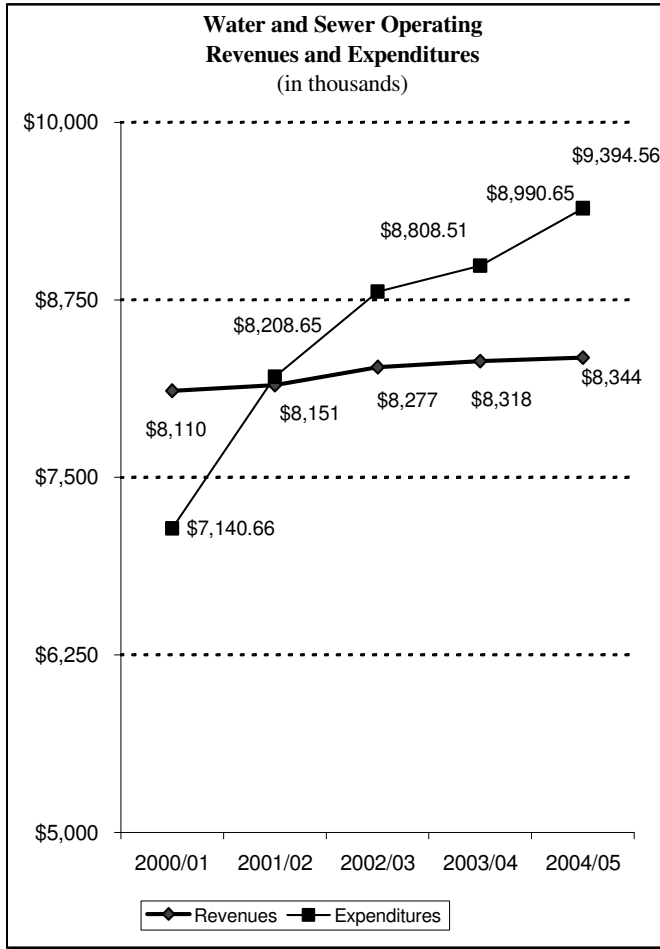
The City has consistently maintained well-above the required 15% (and now 25%) available general fund

balance of operating expenditures. The dip in 2001/02 was due to increased expenditures as a result of added police officers, fire station renovation and large engineering projects coupled with a smaller than expected growth in revenue. However, since then, the available fund balance has continued to grow providing St. Charles with a strong economic position from which to handle unexpected costs. As noted in

the 10 Point test, the \$3.8 million purchase of Century Station in 2004 resulted in a temporary decrease in cash for the City. This did not affect the Fund Balance because it was offset by a receivable due from the Capital Projects Fund for an equal amount from bond proceeds.

Source: St. Charles CAFR

Enterprise Fund Trends: Water and Sewer



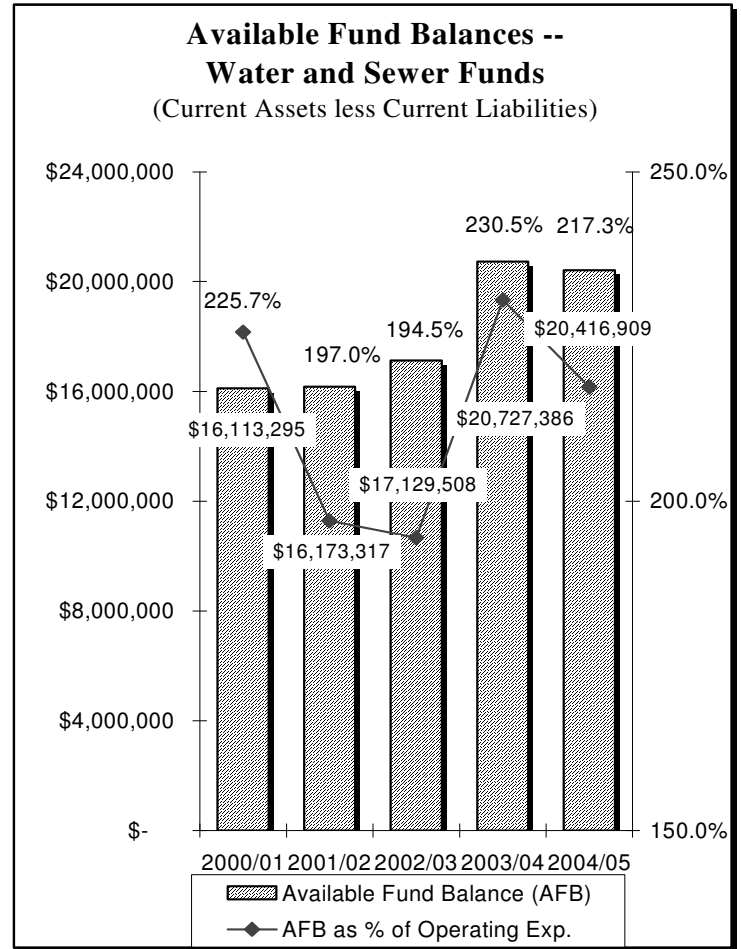
Revenues remain stable, while expenditures increase with mandates and operating costs

Indicator Description

This chart provides the amount of revenue (primarily generated by user fees) and the total expenditures for both the water and sewer funds. Rates are the source of revenue and are calculated to account for current operations as well as future expansion. In order for an enterprise fund to achieve self-sufficiency, revenues must match current levels of expenditures.

Trend Analysis

Water and sewer usage has remained fairly stable during the five-year period and the revenues have begun to stabilize—growing on average .6% per year. Revenue is also impacted by an annual 5% decrease in water rates over the past three years. As with the sewer fund, water rates are impacted by environmental mandates and other increasing operating costs. Current rates incorporate expansions to the water system and sewer treatment plant upgrades. Expenditures have been increasing at a more rapid rate: about 5.6% over this five-year period.



Fund balances remain well above policy level to cover possible liabilities

Indicator Description

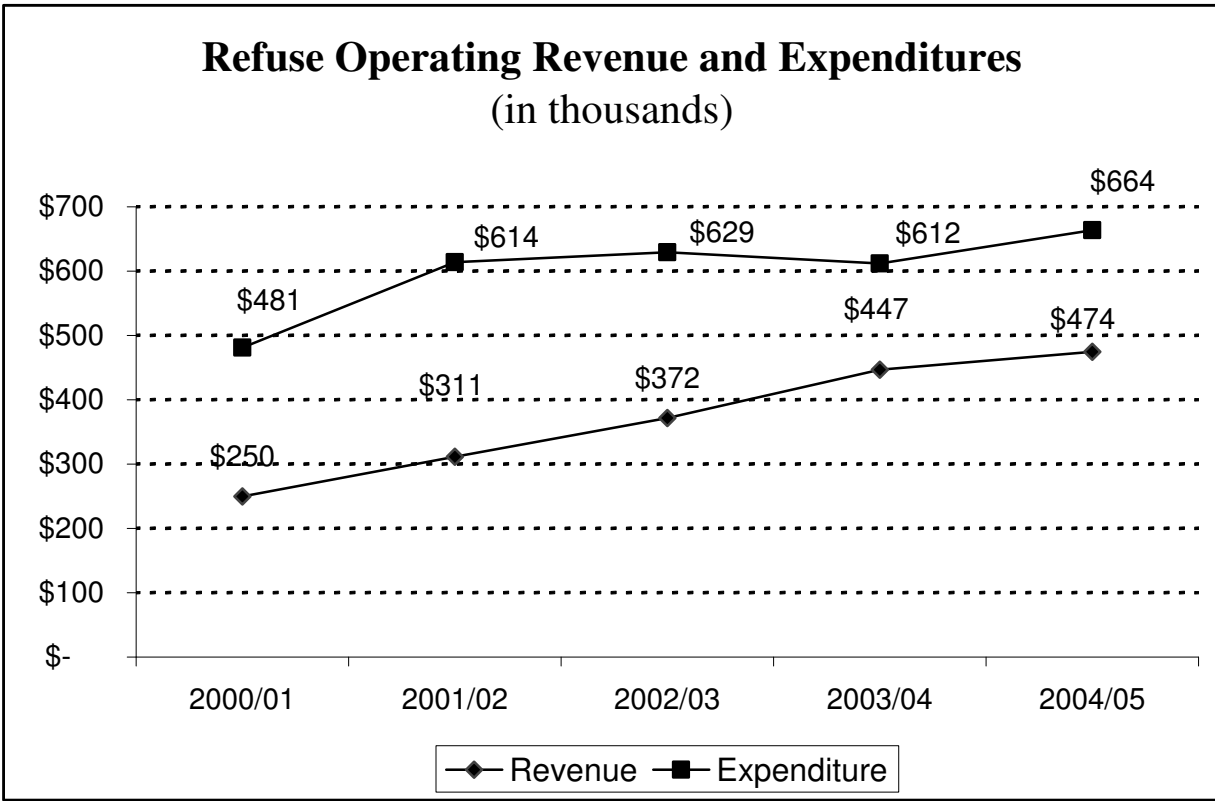
The intent of the water and sewer funds, as with other enterprise funds, is to recover, in whole or in part, the cost of providing goods or services to beneficiaries. In contrast to general governmental funds, enterprise funds are financed primarily through user-charges. The policy goal is to maintain an available fund balance of at least 25% of operating expenses.

Trend Analysis

Warning indicators would be a trend of decreasing available retained earnings and the ratio of available retained earnings to operational expenses below the policy level. Federal and state mandates have demanded that the City make large investments in these kinds of assets to be in compliance with the law. In addition, the City has made it a priority not to neglect its infrastructure in order to avoid burdening future taxpayers. The large increase in 2003/04 was due to a change in accounting rules for assets.

Source: St. Charles CAFR

Enterprise Fund Trends: Refuse Fund



Though revenue has been rising with expenditures, set rates will stabilize revenues and assistance will come from the Corporate Fund

Indicator Description

The above chart illustrates the generated revenue as well as expenditures for the refuse fund over the past five years.

Trend Analysis

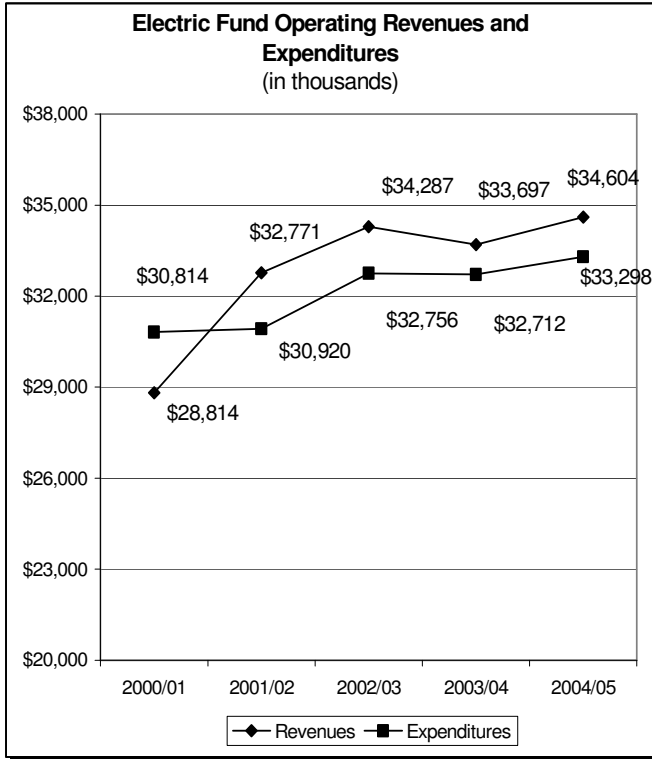
Refuse fees have traditionally only been charged to apartment residents in St. Charles. The refuse fund has always been supplemented by interfund transfers from the corporate fund. However, starting with fiscal year 1998/99, the City began charging home owners a \$1.50 fee for spring cleanup and brush pickup. This more directly ties expenses on refuse activities to use, and reduces the fund's dependence on interfund

transfers. Yard waste/clean up fees were increased to \$3.00 per month in FY 2003/04 to offset related costs.

The fund was expected to reach self-sufficiency in 2006/07 however, the Council decided that this fund will receive support from the Corporate Fund. As a result, fees were not increased again in 2004/05. Therefore, it is expected that revenue growth will plateau and the continuing transfers from the Corporate Fund will be required to supplement user-fee revenue.

Source: St. Charles CAFR

Enterprise Fund Trends: Electric Fund



The trend continues for revenues to exceed expenditures and allow expansion

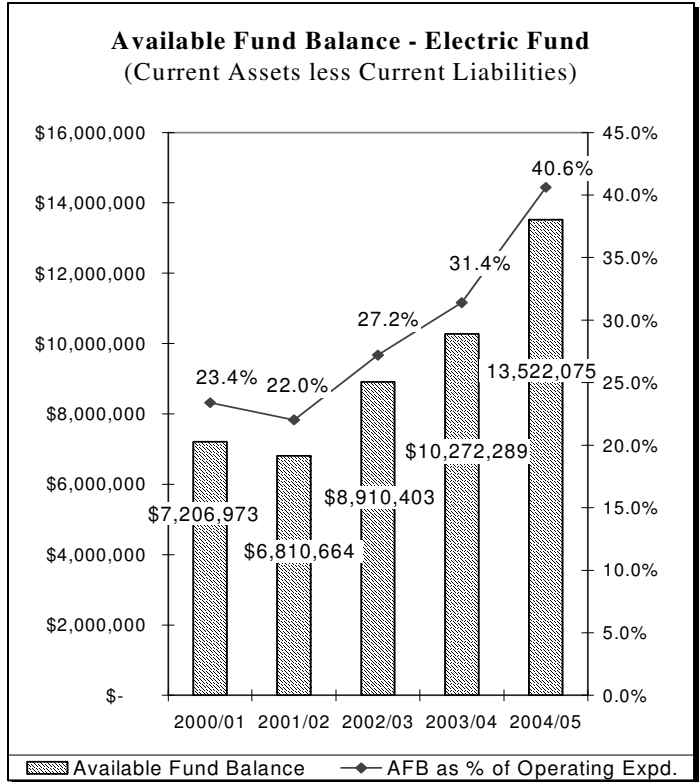
Indicator Description

Above, is an illustration of the revenues and expenditures for the electric enterprise fund—covering the last five years. Unlike the refuse fund, the electric enterprise fund is intended to be self-sufficient as part of the City's financial policy.

Trend Analysis

For four of the five years represented in the graph, revenues (from user fees) collected have exceeded expenditures to maintain service and continue expansion. Though both revenues and expenditures have been on an upward trend, expenditures have only increased about 1.6% over the last five years, while revenues have increased at the higher rate of 3.7%.

The City continues to plan for this fund to be adequately funded by user-charges to recover the entire cost of providing these services.



Since 2002 the City has been maintaining a fund balance well above policy level

Indicator Description

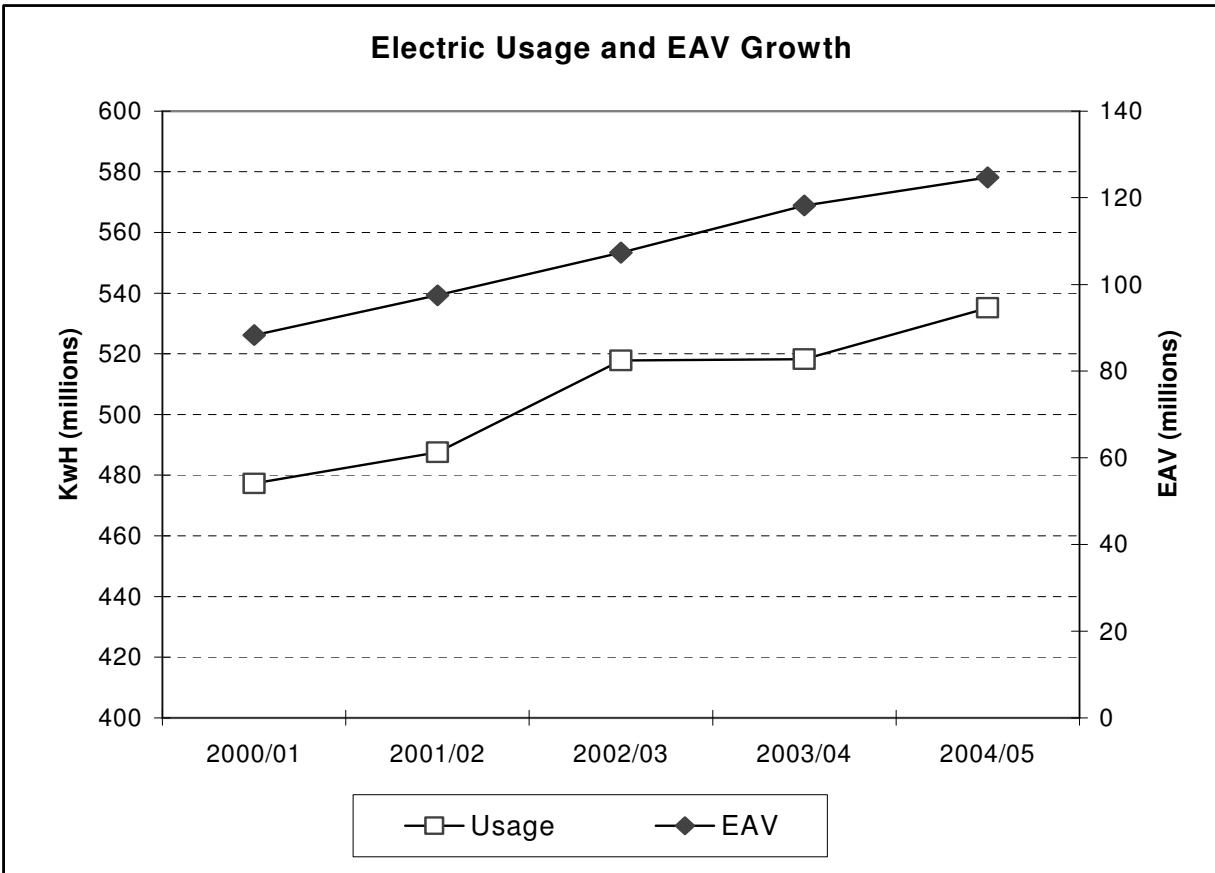
Cities often engage in business-type activities, where the intent is to recover, in whole or in part, the cost of providing goods or services to beneficiaries. These types of funds are generally referred to as enterprise or proprietary funds and are financed primarily through user-charges. The policy goal is to maintain an available fund balance of at least 25% of operating expenses.

Trend Analysis

Two graphs in one are presented above (available fund balance and operating expenditures as a percentage of available fund balance). Warning indicators would be a trend of decreasing available fund balance. For several years the available fund balance exceeded a prudent amount to manage emergency needs. We have been decreasing the electric available fund balance by limiting rate increases below the increases in wholesale power costs charged by Commonwealth Edison. In addition, recent large capital expansions have added to a sharp decline in the available fund balance. However, over the past three years, the fund balance has again continued to increase.

Source: St. Charles CAFR

Enterprise Fund Trends: Electric Usage



As electric usage and EAV have grown at similar rates, there is a healthy balance between growth and consumption of electricity in St. Charles

Indicator Description

St. Charles is unique in that it is one of the relatively few communities to operate an electric utility enterprise. The City purchases electric power from Commonwealth Edison. The cost of purchased power and the associated state utility tax is 80% of operating costs. By buying power at a wholesale rate, the City is able to pass savings on to its citizens. This chart shows how electricity usage has grown in comparison to the assessed value of property. It is important to monitor usage since it is directly linked to revenue through user fees. Assessed value is a proxy measure for residential, commercial and industrial growth and usage should grow at a similar rate.

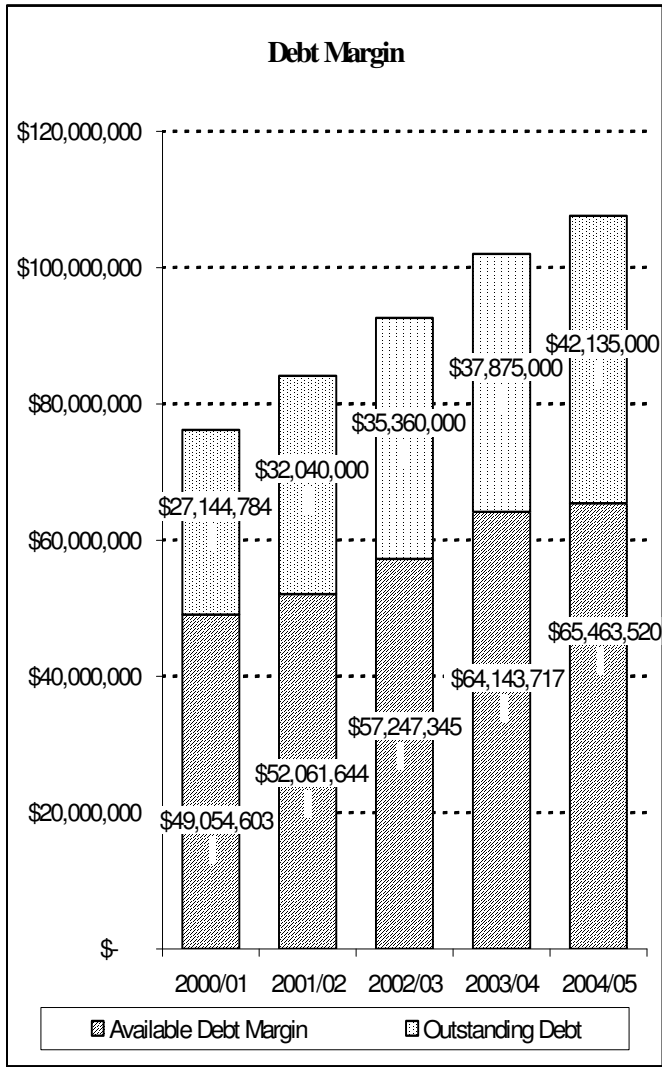
Trend Analysis

Usage has increased at approximately the same rate as

assessed value indicating a healthy relationship between community growth and electric consumption. Usage is also impacted by summer temperatures as a hot summer results in greater electrical usage for air conditioners. The 2004 summer was relatively cool resulting in flatter electrical usage, but St. Charles experienced a warmer summer in 2005. Expansion plans have been incorporated into the current rates structure including the new substation on Peck Road and a proposed substation on the east side. As long as the City can secure affordable power once its contract with ComEd terminates in 2007, revenue growth should continue to mirror growth in EAV until the City is built out after which revenue should grow more slowly.

Source: St. Charles CAFR

Debt Service Trends: Debt Measures



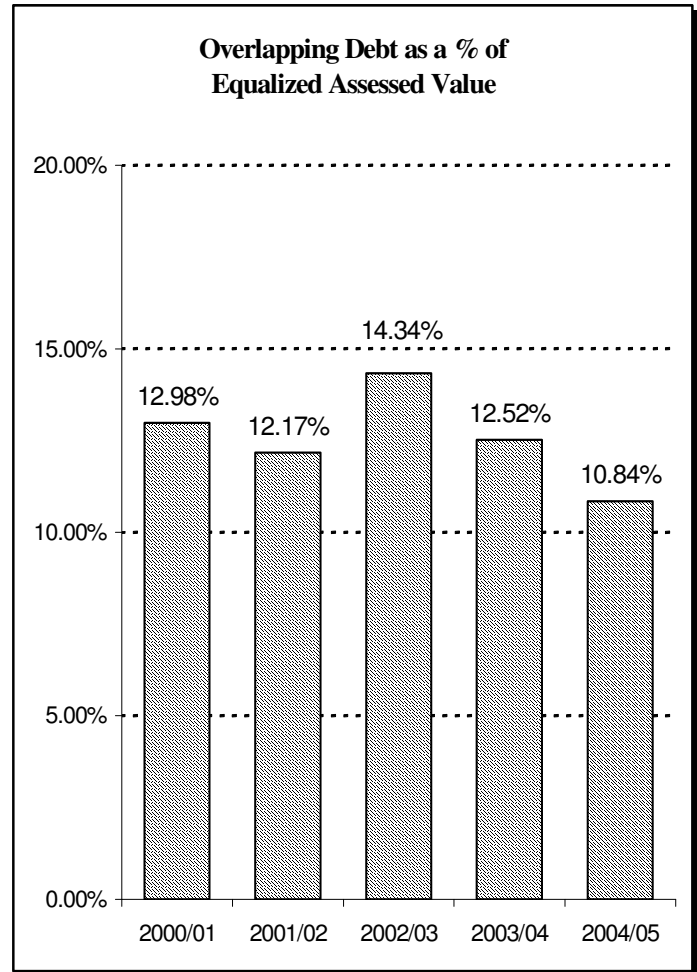
The City remains below the suggested debt limit

Indicator Description

Presented above is the amount of debt that the City has issued and the remaining amount that it can legally issue. The legal debt margin is 8.625% of the City's equalized assessed valuation. However, this does not apply to home-rule communities like St. Charles. Nevertheless, it is important to continue to compare the City's current debt to this legal limit as a measure of its indebtedness.

Trend Analysis

The City has been incurring more debt in recent years in order to fund several capital improvement projects—Main Street Bridge reconstruction, parking deck, municipal buildings renovation, numerous traffic signals. Despite this, it is still very unlikely the City will ever utilize the extent of its debt margin. In addition, current revenue can cover debt service so that the level of debt is manageable.



Debt from other governmental units is declining due to some paying off their debt

Indicator Description

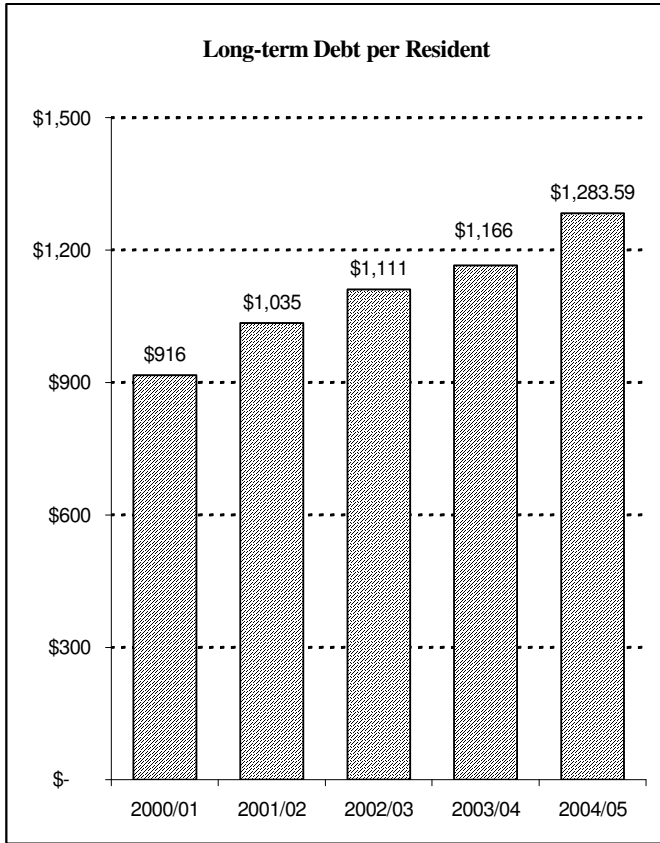
Overlapping debt consists of the City's direct bonded debt and the debt of other governmental units that are within or overlap the City's boundaries (school districts, the park district, and the library district). According to Moody's, the median of long-term debt is 8.2% for populations of 25,000 - 50,000.

Trend Analysis

Growth in the area has resulted in debt issuance to meet additional needs. Both the City and the school Districts have issued debt over the last five years. This means that the overlapping debt will remain at a higher level until this debt is paid down. The decrease in 2003/04 was due to the County paying off its debt entirely. In 2004/05, the percentage of debt applicable to St. Charles was lower for several bodies, including the Kane County Forest Preserve, DuPage County Forest Preserve, and School District 509.

Source: St. Charles CAFR

Debt Service Trends: Long Term Debt



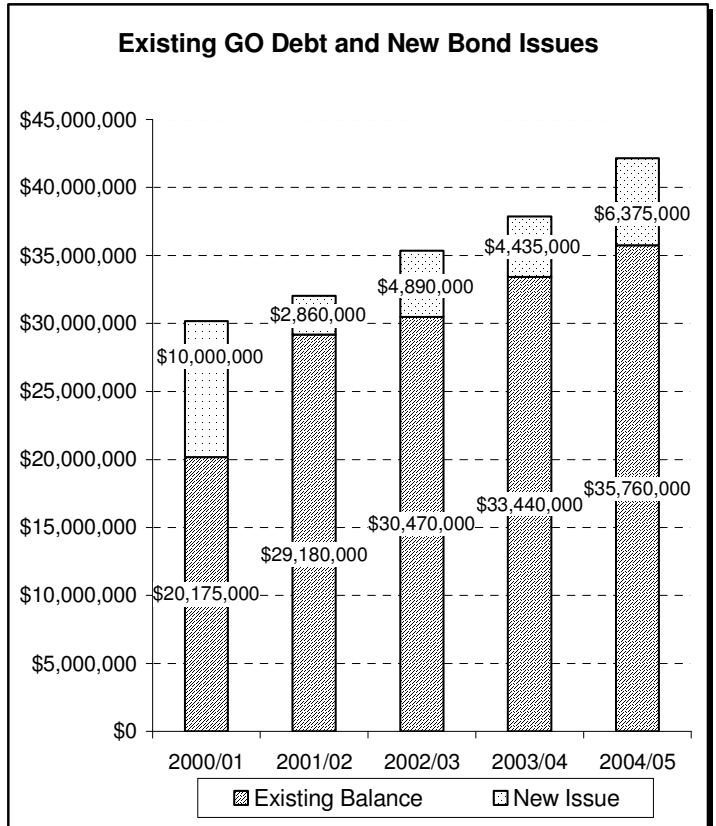
Over 5 years, large capital projects have increased the long-term debt per resident

Indicator Description

This graph illustrates the City's long-term debt per capita. This graph does not include debt of overlapping jurisdictions (school district, park district, library district, etc.). This number differs from the debt per capita reported in the Ten Point Test because it includes all General Obligation debt. Debt for the electrical utility was not included in the Ten Point Test for comparison purposes since few municipalities have such a utility.

Trend Analysis

Debt per capita has been increasing as the City has incurred increasing amounts of debt for capital projects, economic development, and land acquisition. Larger scale projects and renovations have resulted in the increased debt per resident. As the population growth slows, even a slight increase in issued debt will account for a larger percentage. Nevertheless, the City is still substantially below suggested debt limit of \$50 million and maintains an Aa3 debt rating.



While balancing of debt is increasing, new debt issues vary based on projects

Indicator Description

The above chart represents existing balances of General Obligation bond issuances, and subsequently, any additional debt issued, per year for the last five years. The amount of bond issues vary drastically by number and types of projects the funds will be applied to, but the balance of existing debt is increasing, as new debt may be issued before old debt is retired.

Trend Analysis

Following are a list of the projects corresponding to new bond issues in the five-year period represented:

- 2000/01: Public works improvements
- 2001/02: TIF for St. Charles Mall
- 2002/03: Electric and land acquisition
- 2003/04: TIF for Al Piemonte
- 2004/05: Century Station acquisition and Police Department remodeling

Source: St. Charles CAFR

Community Profile

| | |
|--|---------|
| <u>History</u> | IV – 2 |
| <u>Demographics</u> | IV – 2 |
| <u>Climate</u> | IV – 5 |
| <u>Public Health & Safety</u> | IV - 6 |
| <u>Public Works & Utilities</u> | IV - 8 |
| <u>Education</u> | IV - 10 |
| <u>Recreation & Culture</u> | IV - 10 |
| <u>Transportation</u> | IV - 11 |
| <u>Property Construction, Sales and Property Taxes</u> | IV - 11 |

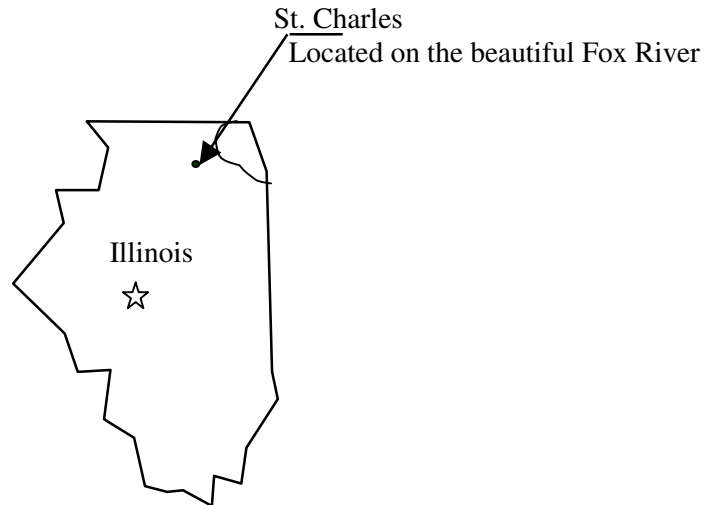
COMMUNITY PROFILE



St. Charles.... The early years.....

The first settlers of St. Charles arrived in 1833 and built the first log cabin in 1834. They were attracted to the area because of the Fox River, which was a source of waterpower. The first industries in town were lumber mills, gristmills, and carding mills, all powered by water wheels near the dam.

| | |
|--------------------|--|
| Capital: | Springfield |
| State Bird: | Cardinal |
| State Tree: | White Oak |
| State Flower: | Violet |
| State Song: | Illinois |
| State Animal: | White-tailed Deer |
| Nicknames: | The Prairie State (Official) The Inland Empire (Unofficial) |
| State Motto: | "State sovereignty national union" |
| Population: | 12,600,620 (2000) |
| Rank: | 6 th |
| Date of Statehood: | 12/3/1918 |
| Sequence: | 21 st |



The first mayor of St. Charles, James K. Lewis, was elected in 1875. At that time there were 3 wards with 6 aldermen. The first woman Mayor, Susan L. Klinkhamer, was elected April 1, 1997 and was sworn in to office May 5, 1997. She was reelected to her second term in 2001. An ordinance passed in May of 1996 changed the City Council structure from 7 wards with 14 aldermen to 5 wards with 10 aldermen. The elected officials and appointed officials are listed in the front of the budget document.

Demographics....

Population

The City's population has a significant financial consequence. For instance, motor fuel taxes and Illinois income taxes are distributed on a per capita basis. The count used for these purposes must be an official census certified by the Bureau of Census. Since 1985, St. Charles has contracted seven special censuses in order to gain a larger share of the revenue distributed by the state based on population. It should be noted that revenues from the state would only increase to the extent that St. Charles' population grows at a faster rate than the rest of Illinois. However, the State's population grew less than 1% from 1980 to 1990, with a 10% growth rate from 1990 to 2000 (11,424,409 in 1980 and 11,430,602 in 1990 and 12,600,620 in 2000). St. Charles population from 1980 to 1990 increased 19% (17,492 in 1980 and 22,620 in 1990). The year 2000 census results put the State at 12,600,620 and the City at 27,896. In 2003 the City conducted a special census, which increased our population to 31,834.



The City's population is projected to be 40,591 in the year 2020. Following is a history of population counts, actual and estimated.

| | | Per Census | Interim Estimate |
|---------|----------------|-----------------------|-----------------------------|
| 1995/96 | | - | 25,503 |
| 1996/97 | | 25,988 | - |
| 1997/98 | Special Census | 26,286 | - |
| 1998/99 | | - | 26,976 |
| 1999/00 | | - | 27,455 |
| 2000/01 | | 27,896 | - |
| 2001/02 | | - | 29,595 |
| 2002/03 | Special Census | | 30,000 |
| 2003/04 | | 31,834 | |

Age Distribution....

An important demographic characteristic relates to the age distribution of the City's population. An age profile is used by the city and other agencies in targeting services. St. Charles, similar to the national trend, has shown an upward trend in its median age from a 1970 level of 27.5 years to 36.6 years in 2000, the last year of available data. We expect this trend to continue through the next decade.

Racial Composition....

| | Total |
|-----------------------------------|--------------|
| White | 29,354 |
| African American | 578 |
| American Indian, Eskimo, or Aleut | 118 |
| Asian or Pacific Islander | 826 |
| Hispanic origin (of any race) | 958 |
| 2003 Special Census Bureau | 31,834 |

Unemployment Rates...

| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| St. Charles | 3.5% | 3.4% | 7.0% | 6.4% | 6.8% | 7.2% | 5.3% |
| Illinois | 4.3% | 4.4% | 5.9% | 5.7% | 6.3% | 5.8% | 5.2% |
| United States | 4.5% | 4.0% | 6.1% | 6.3% | 6.5% | 5.4% | 4.8% |

Top Employers in St. Charles...

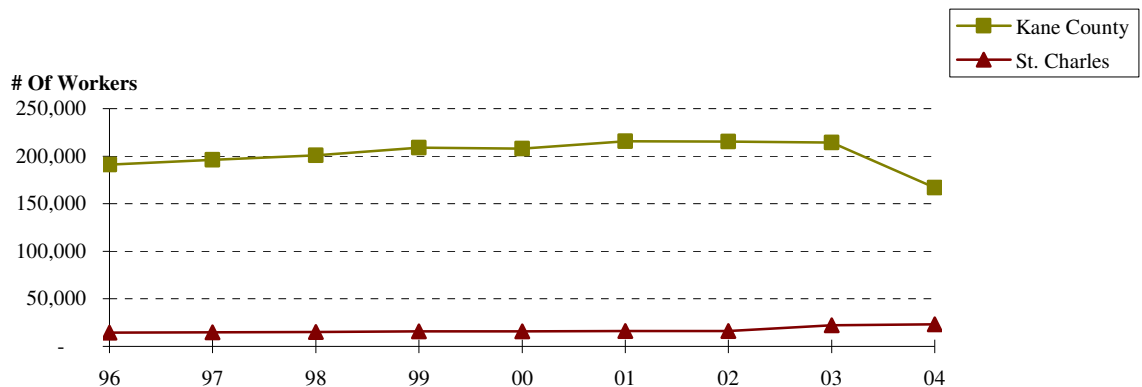
| | | | |
|-------|--|-----|--------------------------|
| 1,248 | St. Charles Community Unit School District | 250 | Pheasant Run Resort |
| 570 | System Sensor | 250 | Coca-Cola Bottling Co. |
| 350 | Wallace | 232 | City of St. Charles |
| 350 | Omron Automotive | 220 | Dopaco Inc. |
| 320 | Mason Corporation | 220 | Dukane Corporation |
| 300 | Illinois Youth Center | 180 | Aramark Services |
| 286 | Conagra Foods | 175 | Bison Gear & Engineering |

There are a vast number of employers with 200 or less employees in manufacturing, health care and retail. St. Charles has a retail mall that has four anchor stores and approximately 100 other stores. The mall in total is a large source of employment. The breakdowns of types of employment in St. Charles are shown below.

Employment of Trade...

| <u>Industry</u> | <u>Number of Employees</u> | <u>Percent</u> |
|------------------------------------|----------------------------|----------------|
| Construction | 2,628 | 7.70% |
| Manufacturing | 5,575 | 16.30% |
| Transportation | 794 | 2.30% |
| Wholesale and Retail | 10,417 | 35.50% |
| Finance, Insurance and Real Estate | 2,304 | 6.70% |
| Educational Services | 1,904 | 5.60% |
| Health Services | 1,648 | 4.80% |
| Other Services | 7,210 | 21.10% |
| Total | 22,255 | 100.00% |

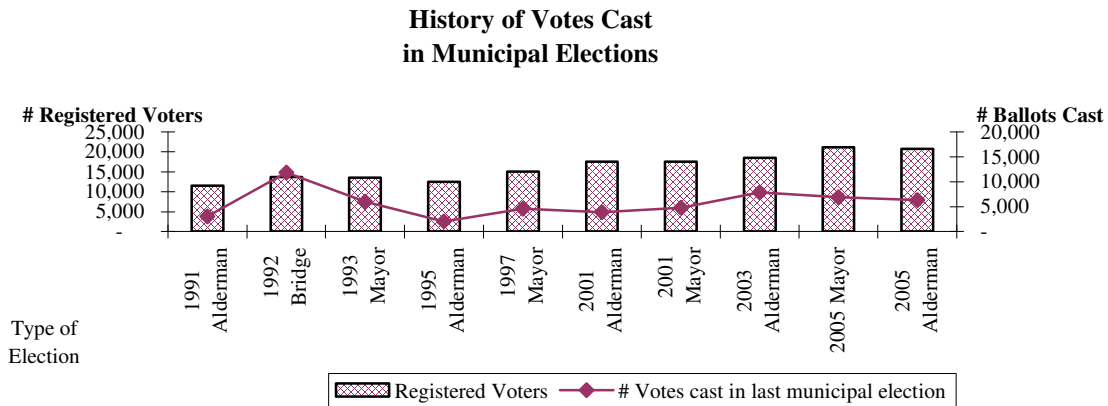
History of Employment (1995-2004)



Kane County employment rate has decreased due to a loss of commercial industry!



Elections....



The chart above shows a higher turnout when there is a mayoral election. The number of votes cast to registered voters is very low. Turnout was very high when voters were asked if they wanted a local bridge. The bridge was built in 1993.

Did you know that St. Charles has reaped many benefits from an aggressive businessman named John-Bet-a-Million Gates (1855-1911)?

Gates made a fortune selling barbed wire and then reinvesting his profits in other ventures. Along with banker J.P. Morgan, he formed the United States Steel Corporation. He increased his fortune in the oil industry and eventually helped promote the company now known as Texaco. Gates earned his nickname because of his love to gamble. It has been said that millions of dollars would roll in and out of his hand like water.

The connection to this fortune and St. Charles occurred after Gates death in 1911 at age 56. His only son died 2 years later and his wife 5 years later at which time the estate was turned over to Gates' wife's brother, Col. Edward Baker and her niece Dellora Angell (who later married Lester Norris) both of whom were from St. Charles.

Over the years they showered their riches upon St. Charles, including a community center, a bank, the opulent Hotel Baker, beautiful churches, a hospital and the current municipal building which houses the main City offices.



Climate....

| | |
|---|-------|
| Average Summer Temperature | 63.1 |
| Average Winter Temperature | 32.1 |
| Average Low Temperature | 39.8 |
| Average High Temperature | 58.5 |
| All Time High Temperature (1995) | 105.0 |
| All Time Low Temperature (1985) | -27.0 |
| Largest Snowfall in one month (Jan. 1918) | 42.5 |
| Average Annual Precipitation | 37.5 |
| Maximum Precipitation in one month (Aug. 1987) | 17.1 |
| Minimum Precipitation in one month (Sept. 1979) | 0.01 |

Provided by: Omni Weather Service

Public Health & Safety....

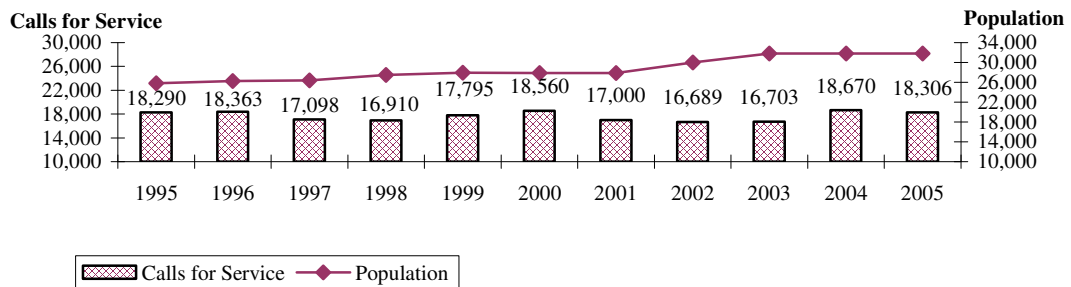
Police Protection

Number of sworn officers -



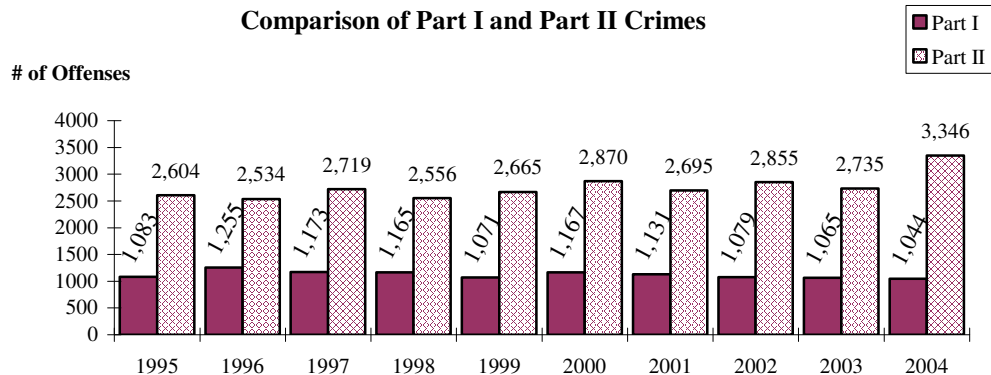
| | |
|--------------------|----------|
| Chief | 1 |
| Section Commanders | 2 |
| Sergeants | 9 |
| Detectives | 4 |
| Patrol Officers | 34 |
| <u>K-9</u> | <u>1</u> |
| | 51 |

Calls for Police Service



Calls for police service have historically increased as population increases. However, St. Charles experienced a decrease in calls in 2002. Since then, there has been a slight increase in calls every year.

Comparison of Part I and Part II Crimes



Part I and Part II crime categories are a national standard used to identify types of crime. Part I are generally more serious crimes involving a weapon such as armed robbery, whereas Part II crimes would be theft or battery committed with one's body. The FBI originally set these standards. The relationship between Part I and Part II crimes has remained steady over the last eight years. The majority of Part I crimes above relate to burglary and the majority of Part II crimes are for battery, theft and criminal damage to property.

St. Charles likes Lars!
Buster is a German shepherd that has been specially trained for our K-9 unit. Lars has been assigned to work a beat with a patrol officer. Lars and Officer Tom Shaw attended nine weeks of concentrated training where Lars learned obedience, tracking, searching, controlled aggression, and narcotics detection. Lars likes to woof it up on his day off.



Citizen Perception of Safety



According to a 2004 Priorities survey, St. Charles residents are confident in their safety, with 91.9% of residents responded that they feel safe in St. Charles. This has increased since the 1997 SEA survey, in which 84.2% responded positively.

Fire Protection...

Number of Fire Stations 3

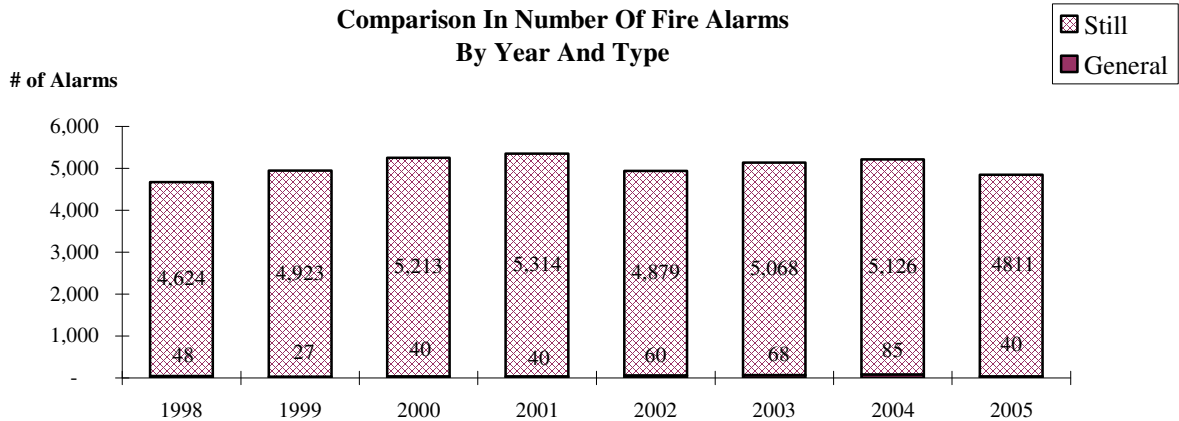
of Full-Time Firefighters -



| | |
|---------------------|-----------|
| Chief | 1 |
| Asst. Chiefs | 5 |
| Captains | 3 |
| Lieutenants | 14 |
| <u>Firefighters</u> | <u>27</u> |
| | 50 |

of Paid on Call Firefighters 31

St. Charles residents are serviced by an enhanced 911 system, which means the caller's name and address are brought up automatically on the dispatcher's screen. The St. Charles 911 system also services the deaf community with a TDD - telecommunications device for the deaf.



General alarms indicate a structure fire. The majority of alarms are still alarms. These are calls for odor investigation, smoke etc. and emergency medical calls.

In the United States, fire kills about 5,000 people a year and causes injury to another 30,000. St. Charles building codes now require interconnected AC wired smoke detectors in each bedroom, one in the vicinity of each bedroom, and one on each floor, including the basement.

Public Works....

| | |
|-------------------------------------|-------------|
| Street miles maintained (all paved) | |
| Residential | 122.5 |
| Industrial | 11.1 |
| County | 11.8 |
| State | <u>25.9</u> |
| Total | 171.3 |
| # of Snow Routes | 19 |

To maintain early City functions, residents were expected to volunteer a portion of their time. One of the public works' activities included the dampening down of dirt streets using a tanker filled with water and driven by horses. Pavement of Main Street occurred in 1915.

Lester and Dellora Norris designed and built the Arcade Theater in 1926 at a cost of \$500,000. The theater housed vaudeville acts and movies. Stars who performed included George Burns and Gracie Allen, Edgar Bergen and Charlie McCarthy, Olivia DeHavilland, the John Phillip Sousa Band, Vincent Price, Lee Remick and Maria Von Trapp. The theater was recently restored to its historic charm.

Water and Wastewater utilities....

| | |
|------------------------------------|-----------|
| Water | 4,441,000 |
| Average daily pumpage | |
| Gallon Capacity per day | |
| High-pressure | 3,661,000 |
| Low pressure | 780,000 |
| # of Wells | 7 |
| Maximum Day Consumption | 7,412,000 |
| Maximum Hour Consumption | 750,000 |
| Wastewater (East and West Plants) | |
| Gallons of wastewater – daily flow | 4,700,000 |

*St. Charles encourages recycling!
Each of us generates over 5
pounds of waste every day.
St. Charles alone generated 39 million
pounds of garbage in 1988.
In 1989 the City implemented a recycling
program. As a result of the
Program, the amount landfilled was
reduced to 23 million pounds in 1993
and to 12.8 million pounds in 1996! We
have maintained that level with 13.8
million pounds landfilled in 2000.*

Water Pumped vs. Billed FY 04/05

In Thousands of Gallons

*A leaky toilet can use as
much as 50,000 gallons of
water in just one month!*

*By installing a shower flow
controller you can save
4,000 gallons of heated
water during a year.*

*St. Charles residents' sewer
bills are based on their
average January, February,
and March water usage.
Residents can water their
lawns and wash their cars
without additional sewer
charges.*

| | Gallons Pumped | Gallons Billed | Difference | % of Difference |
|--------------|-------------------|-------------------|----------------|--------------------|
| May | 142,097 | 122,238 | 19,859 | 13.98% |
| June | 142,982 | 129,498 | 13,484 | 9.43% |
| July | 170,234 | 153,064 | 17,170 | 10.09% |
| August | 161,571 | 159,436 | 2,135 | 1.32% |
| September | 164,771 | 142,122 | 22,649 | 13.75% |
| October | 130,434 | 128,766 | 1,668 | 1.28% |
| November | 110,787 | 103,998 | 6,789 | 6.13% |
| December | 116,294 | 105,646 | 10,648 | 9.16% |
| January | 121,240 | 109,787 | 11,453 | 9.45% |
| February | 109,995 | 94,422 | 15,573 | 14.16% |
| March | 119,440 | 105,891 | 13,549 | 11.34% |
| April | 121,721 | 108,540 | 13,181 | 10.83% |
| Total | 1,611,566 | 1,463,408 | 148,158 | 9.19% |

Electric Utilities....

| | |
|----------------------------|------------|
| Number of Substations | 6 |
| Number of Customers | 15,500 |
| Average monthly kWh billed | 44,591,268 |



| | |
|----------------------------|-------------|
| Total KWh billed 2003/2004 | 535,095,213 |
|----------------------------|-------------|

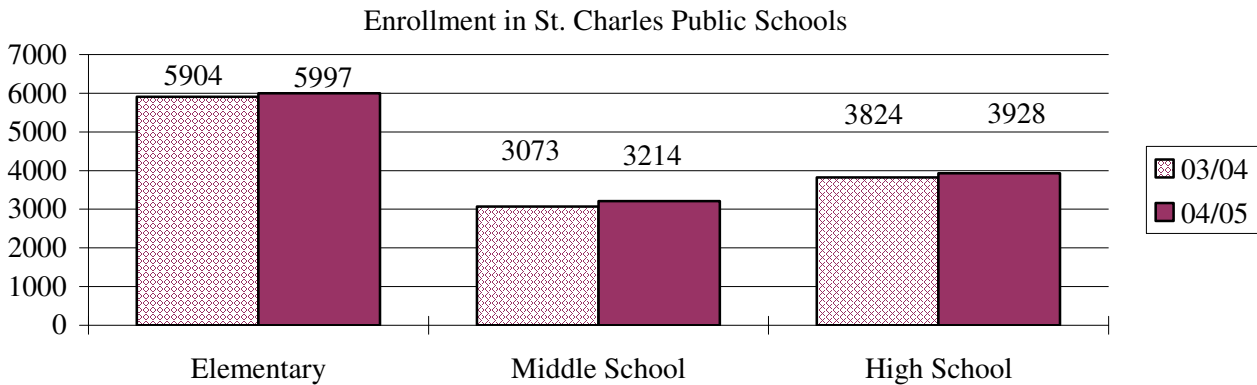
*Did you know that homes account for
almost 20% of the total energy
consumed in the United States? Wise
use of electricity can save money and
energy...A kilowatt-hour is equal
to using 1000 watts of power in one
hour... An average
refrigerator/freezer uses about
1,200 kilowatt hours in a year.*

Education....

Number of public schools

| | |
|-------------------|----|
| Elementary | 12 |
| Middle School | 3 |
| High School | 2 |
| Special Education | 1 |

Lester and Dellora Norris donated the land for the St. Charles South High School. A sports complex, a recreation complex, and a cultural arts center were also donated.



Recreation and Cultural....

| | | | |
|-------------------------------|-------|--------------------|---------|
| Parks | 56 | Libraries | 1 |
| Park acreage | 1,400 | Books owned | 275,000 |
| Recreation centers | 2 | Registered patrons | 22,494 |
| Park District pools | 2 | Churches | 24 |
| Public Golf Courses | 4 | Community Centers | 3 |
| Miniature Golf Courses | 1 | Restaurants | 118 |
| Annual Park District Programs | 1,600 | Banquet Facilities | 3 |
| Cultural Arts Center | 1 | Hotel/Motel Rooms | 1,269 |
| Financial Institutions | 18 | Conference Center | 2 |

Some memorable first's happened in St. Charles...

The Franklin Medical School was the first Medical School in the state. However, it closed after the infamous Richard's Riot in 1849. This occurred when a mob from a neighboring town came to St. Charles to reclaim the body of a young woman that had been stolen from her grave. Apparently, several of the students had stolen the body for the purpose of study. One student was killed in the riot. Shortly after this incident the school was forced to close its doors, but not long after, new laws were passed that allowed for the use of human bodies for medical study.

The East Side School was the first publicly funded school in the state and opened in 1856.

Pottawatomie Park was the first municipal park in the state to be purchased with public funds. The land was purchased in 1912.

The municipal building is believed to be the first building of any size in the United States to use luminous-tube illumination throughout. The building was built in 1942.

Transportation.....

Airports: Chicago's O'Hare International (50 min); Midway Airport (1 Hr.); and a local airport for business commuters – Dupage Airport (5 min)

Public Transportation: PACE bus service for general bus transit; the City offers a subsidized transportation system through PACE for the handicapped and the elderly. METRA commuter rail service (10 min).

Average commute: Chicago Loop 60 to 65 min. by car or rail; East-West Research and Development Corridor (Naperville) 15 to 20 min.

Property Construction and Sales....

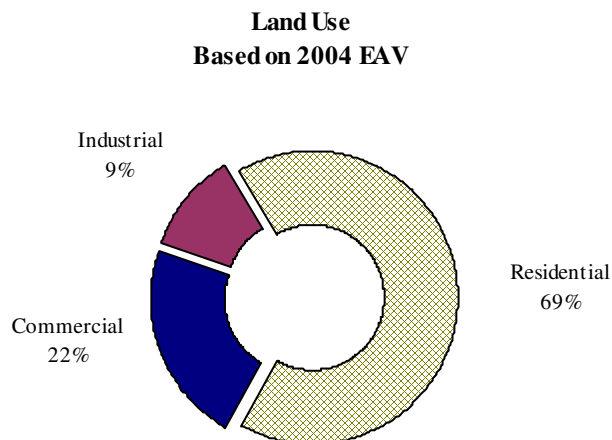
Building Permits



| Fiscal Year | New Commercial Construction | | New Business Construction | | New Residential Construction | | Total Building Permits* | |
|-------------|-----------------------------|-----------|---------------------------|------------|------------------------------|------------|-------------------------|-------------|
| | # of Permits | Value | # of Permits | Value | # of Permits | Value | #of Permits | Value |
| 1998/99 | 3 | 2,985,000 | 5 | 8,665,000 | 181 | 42,803,138 | 1,233 | 81,459,319 |
| 1999/00 | 9 | 9,599,419 | 12 | 14,980,000 | 134 | 27,337,488 | 1,366 | 99,152,755 |
| 2000/01 | 8 | 3,000,000 | 8 | 17,548,000 | 580 | 66,431,630 | 1,921 | 118,333,227 |
| 2001/02 | 7 | 5,534,505 | 14 | 18,418,000 | 492 | 6,438,550 | 1,835 | 107,967,360 |
| 2002/03 | 1 | 580,000 | 11 | 16,940,000 | 315 | 49,522,109 | 1,870 | 105,941,733 |
| 2003/04 | 2 | 1,460,000 | 14 | 11,899,500 | 166 | 35,890,014 | 2,116 | 97,315,718 |
| 2004/05 | 4 | 4,707,204 | 13 | 26,905,350 | 69 | 22,352,839 | 1,732 | 85,780,094 |

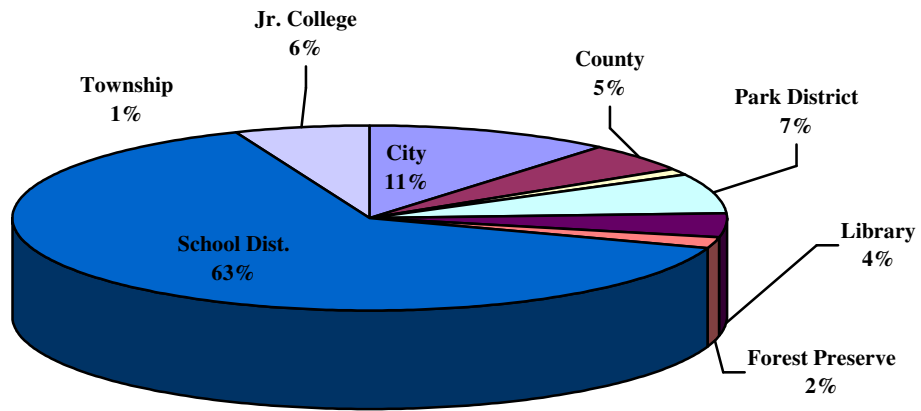
*Total permits issued include new construction, alterations, additions and repairs.

Property Taxes....



As the chart shows, 71% of land use in St. Charles is for residential. The mix in St. Charles allows for convenient shopping, as well as an industrial base that provides taxes and employment opportunities.

Property Tax Allocation 2004 Collected in 2005



2004 (Levy Year) Typical Total Tax Rate

| | |
|-----------------------|--------------|
| City | \$0.7490 |
| County | .3467 |
| Forest Preserve | .1432 |
| Township | .1216 |
| Cemetery | .0005 |
| Park District | .4572 |
| Library | .2613 |
| School District # 303 | 4.2668 |
| Junior College # 509 | <u>.4154</u> |
| | \$6.7617 |

*St. Charles has a home page. Our address on the World Wide Web is
www.stcharlesil.gov*

St. Charles has worked hard to provide a wealth of useful information to the internet user. We monitor and update information often. Agendas for all City related meetings are updated weekly; job openings and how to apply are posted; City newsletters; a listing of aldermen with a ward map; council committees; the budget-in-brief; the City mission statement and a brief description of each service area; construction information; 160 years of history; and a complete listing of E-mail addresses within the City.

Property taxes only account for 5.4% of total revenues for the City. General fund property taxes account for 25.6% of general fund revenues. That includes funding for the police and fire pensions. Taxes to fund general City services only amount to 8.1% of general fund revenues.



2003 Municipal Tax Rate Comparison In Same Local Area

| <u>Municipality</u> | <u>Municipal Tax Rate</u> | <u>Estimate City Property Tax</u> |
|---------------------|-------------------------------|---------------------------------------|
| St. Charles | 0.7506 | 724 |
| Aurora | 1.8224 | 1,757 |
| Batavia | 0.6236 | 601 |
| Elgin | 1.9047 | 1,836 |
| Geneva | 0.6949 | 670 |
| Naperville | 0.5476 | 528 |
| West Chicago | 1.0173 | 981 |

* Tax rate includes Fire Protection District

| <u>Taxpayer</u> | <u>2004 Assessed Valuation</u> | <u>Percent of Valuation</u> |
|-------------------------------------|--|---------------------------------|
| Arthur Anderson & Co. | \$11,924,315 | 0.096% |
| Pheasant Run Resort | 11,790,280 | 0.950% |
| AMLI at St. Charles | 8,417,458 | 0.670% |
| Main Street Commons | 5,550,668 | 0.440% |
| Pier One Imports | 5,219,359 | 0.420% |
| Meijer Stores Limited Partnership | 5,170,113 | 0.410% |
| Charlestowne Mall, LLC | 4,856,894 | 0.390% |
| Wallace Business Forms | 4,848,523 | 0.390% |
| Target Corporation | 4,404,693 | 0.350% |
| Delnor Community Residential Living | 4,285,529 | 0.340% |

Budget Reports by Fund

| | |
|---|----------------|
| <u>Projected Available Fund Balance</u> | <u>VI - 2</u> |
| <u>Revenues and Expenditures by Fund Type</u> | <u>VI - 8</u> |
| <u>Description of Funds</u> | <u>VI - 11</u> |
| <u>Revenues and Expenditures All Funds</u> | <u>VI - 14</u> |

Fund Reports

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements into three broad fund categories and seven generic fund types as shown in the second report, Revenues and Expenditures by Fund and Fund Type. All three of the following reports show the information by fund, however, each provides a different perspective to the reader.

Fund Summary

Projected Available

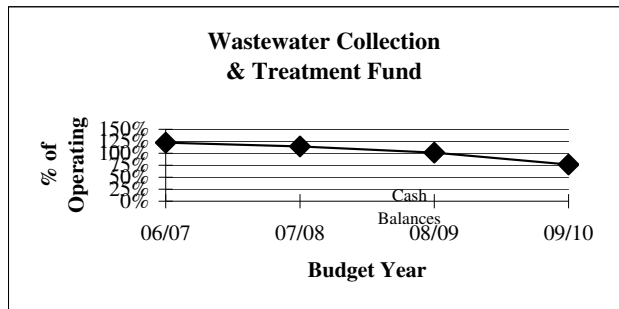
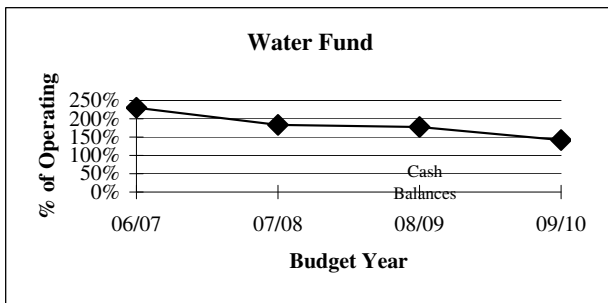
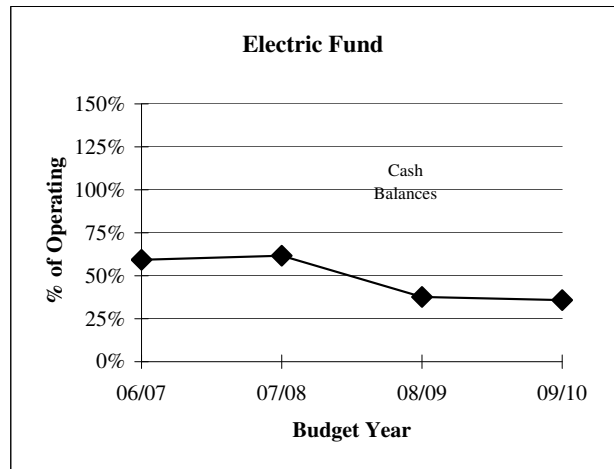
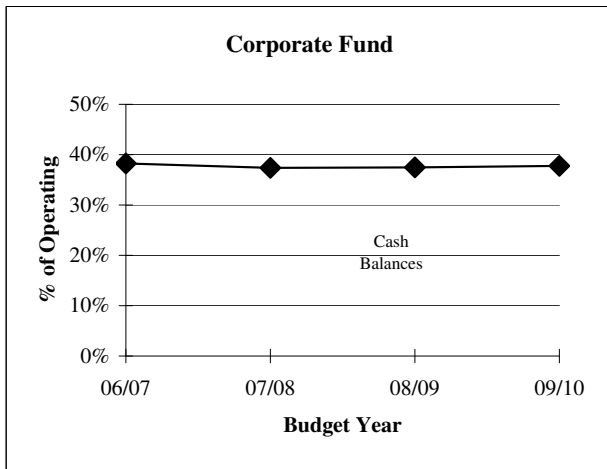
Fund Balance

This report is a broad summary of each fund. Since the City must maintain the integrity of its various funds, this report provides the reader with a perspective of where each fund will be when the budget period begins, the level of activity during the period, and what resources will be available at the end of each period.

All amounts on the following reports are expressed in thousands.

Available Cash Balances As a % of Operating Expenditures/Expenses 06/07 - 09/10

The City's policy is to maintain an available fund balance of at least 15% of operating expenditures for the corporate fund and 25% of expenses for the enterprise funds. The graph below show that the City's primary funds will all have this level of cash reserves at the end of each fiscal year. It is important to maintain this level of reserves in order to provide for unforeseen events. It also provides a "cushion" for transition through cyclical changes. The analysis for the electric fund does not include wholesale power costs in operating expenses because the "cushion" is to allow for unanticipated fluctuations in operating costs and wholesale power costs are fixed.



Fund Summary for Fiscal Year 2006/2007
Projected Available Fund Balance

| Fund | Projected Available Fund Balance 5/1/06 | Estimated Revenue | Proposed Expenditure | Transfers | | *Restricted Cash Adjustments | | Projected Available Fund Balance 4/30/07 |
|----------------------|---|----------------------|-------------------------|----------------|----------------|------------------------------------|--------------|--|
| | | | | In | Out | In | Out | |
| Corporate | \$12,759 | \$38,718 | \$34,435 | | \$5,075 | | | \$11,967 |
| Electric | 9,735 | 39,679 | 43,216 | 266 | 268 | 16 | | 6,211 |
| Water | 7,896 | 5,978 | 6,254 | | 91 | 88 | | 7,616 |
| Sewer | 8,179 | 8,654 | 9,417 | | 173 | 190 | 310 | 7,124 |
| Refuse | 0 | 510 | 684 | 188 | | | | 14 |
| TIF Districts | 441 | 955 | 0 | | 654 | | | 743 |
| Motor Fuel Tax | 1,602 | 936 | 1,235 | | | | | 1,303 |
| Subsidized Trans. | 7 | 113 | 201 | 86 | | | | 5 |
| Police Pension | 19,444 | 2,460 | 1,091 | | | | | 20,813 |
| Fire Pension | 17,945 | 1,564 | 410 | | | | | 19,099 |
| Capital Projects | 6,071 | 18,087 | 20,040 | 686 | | | | 4,805 |
| Debt Service | 13 | 500 | 4,748 | 4,739 | | | | 504 |
| ISF-Inventory | 117 | 3,774 | 3,851 | | | | | 39 |
| ISF-Vehicles | 678 | 2,154 | 2,201 | | 40 | | | 592 |
| ISF-Health Insurance | 0 | 3,454 | 3,354 | | | | | 100 |
| ISF-Liability & W/C | 955 | 482 | 1,335 | 335 | | | | 438 |
| ISF-Communications | 292 | 246 | 393 | | | | | 145 |
| Totals | \$86,135 | \$128,261 | \$132,862 | \$6,301 | \$6,301 | \$294 | \$310 | \$81,518 |

* The Cash Adjustment column pertains to cash classification changes from restricted to available.

All amounts are expressed in thousands

Fund Summary for Fiscal Year 2007/2008
Projected Available Fund Balance

| Fund | Projected Available Fund Balance 5/1/07 | Estimated Revenue | Proposed Expenditure | Transfers | | *Restricted Cash Adjustments | | Projected Available Fund Balance 4/30/08 |
|----------------------|---|----------------------|-------------------------|----------------|----------------|------------------------------------|--------------|--|
| | | | | In | Out | In | Out | |
| Corporate | \$11,967 | \$40,472 | \$34,911 | | \$5,435 | | | \$12,093 |
| Electric | 6,211 | 45,922 | 45,967 | 273 | 363 | 657 | | 6,733 |
| Water | 7,616 | 3,718 | 5,028 | | 123 | 53 | | 6,237 |
| Sewer | 7,124 | 6,719 | 7,075 | | 234 | 241 | 293 | 6,482 |
| Refuse | 14 | 519 | 704 | 200 | | | | 29 |
| TIF Districts | 743 | 1,159 | 0 | | 833 | | | 1,068 |
| Motor Fuel Tax | 1,303 | 964 | 1,110 | | | | | 1,157 |
| Subsidized Trans. | 5 | 116 | 207 | 89 | | | | 4 |
| Police Pension | 20,813 | 2,523 | 1,124 | | | | | 22,213 |
| Fire Pension | 19,099 | 1,633 | 422 | | | | | 20,310 |
| Capital Projects | 4,805 | 13,403 | 11,061 | 741 | | | | 7,887 |
| Debt Service | 504 | 500 | 5,880 | 5,380 | | | | 504 |
| ISF-Inventory | 39 | 3,913 | 3,946 | | | | | 6 |
| ISF-Vehicles | 592 | 2,225 | 2,173 | | 40 | | | 604 |
| ISF-Health Insurance | 100 | 3,569 | 3,454 | | | | | 215 |
| ISF-Liability & W/C | 438 | 497 | 894 | 345 | | | | 386 |
| ISF-Communications | 145 | 257 | 239 | | | | | 163 |
| Totals | \$81,518 | \$128,111 | \$124,195 | \$7,028 | \$7,028 | \$951 | \$293 | \$86,092 |

* The Cash Adjustment column pertains to cash classification changes from restricted to available.

All amounts are expressed in thousands

Fund Summary for Fiscal Year 2008/2009
Projected Available Fund Balance

| Fund | Projected Available Fund Balance 5/1/08 | Estimated Revenue | Proposed Expenditure | Transfers | | *Restricted Cash Adjustments | | Projected Available Fund Balance 4/30/09 |
|----------------------|---|----------------------|-------------------------|----------------|----------------|------------------------------------|--------------|--|
| | | | | In | Out | In | Out | |
| Corporate | \$12,093 | \$42,224 | \$36,384 | | \$5,464 | | | \$12,469 |
| Electric | 6,733 | 43,418 | 46,049 | 280 | 364 | 253 | | 4,270 |
| Water | 6,237 | 3,727 | 3,850 | | 123 | 145 | | 6,135 |
| Sewer | 6,482 | 6,714 | 7,177 | | 234 | 207 | 135 | 5,858 |
| Refuse | 29 | 529 | 725 | 212 | | | | 44 |
| TIF Districts | 1,068 | 1,358 | 0 | | 1,854 | | | 573 |
| Motor Fuel Tax | 1,157 | 993 | 661 | | | | | 1,490 |
| Subsidized Trans. | 4 | 120 | 213 | 92 | | | | 2 |
| Police Pension | 22,213 | 2,589 | 1,157 | | | | | 23,644 |
| Fire Pension | 20,310 | 1,746 | 435 | | | | | 21,621 |
| Capital Projects | 7,887 | 1,338 | 5,540 | 800 | | | | 4,486 |
| Debt Service | 504 | 0 | 6,841 | 6,341 | | | | 4 |
| ISF-Inventory | 6 | 4,060 | 4,062 | | | | | 3 |
| ISF-Vehicles | 604 | 2,291 | 2,785 | | 40 | | | 70 |
| ISF-Health Insurance | 215 | 3,689 | 3,558 | | | | | 346 |
| ISF-Liability & W/C | 386 | 512 | 919 | 356 | | | | 334 |
| ISF-Communications | 163 | 177 | 203 | | | | | 137 |
| Totals | \$86,092 | \$115,483 | \$120,558 | \$8,080 | \$8,080 | \$604 | \$135 | \$81,487 |

* The Cash Adjustment column pertains to cash classification changes from restricted to available.

All amounts are expressed in thousands

Fund Summary for Fiscal Year 2009/2010
Projected Available Fund Balance

| Fund | Projected Available Fund Balance 5/1/09 | Estimated Revenue | Proposed Expenditure | Transfers | | *Restricted Cash Adjustments | | Projected Available Fund Balance 4/30/10 |
|----------------------|---|----------------------|-------------------------|----------------|----------------|------------------------------------|-------------|--|
| | | | | In | Out | In | Out | |
| Corporate | \$12,469 | \$49,542 | \$43,722 | | \$5,333 | | | \$12,957 |
| Electric | 4,270 | 45,286 | 45,576 | 287 | 365 | 287 | | 4,190 |
| Water | 6,135 | 3,725 | 4,822 | | 124 | 121 | | 5,036 |
| Sewer | 5,858 | 6,741 | 7,981 | | 235 | 173 | 43 | 4,514 |
| Refuse | 44 | 538 | 747 | 224 | | | | 60 |
| TIF Districts | 573 | 3,048 | 0 | | 3,071 | | | 550 |
| Motor Fuel Tax | 1,490 | 1,023 | 2,344 | | | | | 169 |
| Subsidized Trans. | 2 | 123 | 219 | 94 | | | | 0 |
| Police Pension | 23,644 | 2,656 | 1,192 | | | | | 25,109 |
| Fire Pension | 21,621 | 1,952 | 448 | | | | | 23,125 |
| Capital Projects | 4,486 | 25,061 | 28,375 | 864 | | | | 2,035 |
| Debt Service | 4 | 0 | 7,332 | 7,332 | | | | 4 |
| ISF-Inventory | 3 | 4,183 | 4,185 | | | | | 0 |
| ISF-Vehicles | 70 | 2,319 | 2,004 | | 40 | | | 345 |
| ISF-Health Insurance | 346 | 3,813 | 3,664 | | | | | 495 |
| ISF-Liability & W/C | 334 | 527 | 945 | 366 | | | | 282 |
| ISF-Communications | 137 | 142 | 208 | | | | | 72 |
| Totals | \$81,487 | \$150,680 | \$153,764 | \$9,168 | \$9,168 | \$581 | \$43 | \$78,941 |

* The Cash Adjustment column pertains to cash classification changes from restricted to available.

All amounts are expressed in thousands

Revenues and Expenditures

by

Fund and Fund Type

The following reports are presented by Fund and Fund Type. A description of the City's funds and fund structure is provided. Each fund of the City is described and analyzed along with graphic representation if appropriate. Two years of history, the proposed budget, and a three year projection are provided.

All amounts on the following reports are expressed in thousands.

Budget Summary by Fund Type

Proposed Budget Year 2006/07

| | General Corporate | Special Revenue | Debt Service | Capital Projects | Fiduciary Fund Types | Enterprise Funds | Internal Service | Total (Memorandum Only) |
|--|----------------------|--------------------|-----------------|---------------------|-------------------------|---------------------|---------------------|-------------------------------|
| Revenues: | | | | | | | | |
| Property Taxes | \$10,601.3 | \$ 843.9 | \$ - | \$ - | \$ - | \$ - | \$ - | \$11,445.2 |
| Sales & Use Taxes | 16,331.6 | 33.1 | - | - | - | - | - | 16,364.7 |
| Electric Franchise Fee | 1,782.0 | - | - | - | - | - | - | 1,782.0 |
| Food & Beverage Tax | 100.0 | - | - | - | - | - | - | 100.0 |
| Hotel Tax | 1,800.0 | 57.4 | - | - | - | - | - | 1,857.4 |
| Admission Tax | 80.0 | - | - | - | - | - | - | 80.0 |
| Telecommunications Tax | 1,560.8 | - | - | - | - | - | - | 1,560.8 |
| Licenses & Permits | 582.2 | - | - | - | - | - | - | 582.2 |
| Connection Fees | - | - | - | - | - | 804.6 | - | 804.6 |
| User Charges | - | - | - | - | - | 45,626.4 | 111.5 | 45,737.9 |
| Intergovernmental Revenue | 2,813.2 | - | - | 1,139.3 | - | - | - | 3,952.5 |
| Motor Fuel Tax | - | 907.0 | - | - | - | - | - | 907.0 |
| Reimbursement for Improvements | - | - | - | 558.0 | - | 2,738.2 | - | 3,296.2 |
| Reimbursement for Services | 1,888.3 | - | - | - | - | - | - | 1,888.3 |
| Charges to other Governments | - | 92.0 | - | - | - | - | - | 92.0 |
| Pension Contributions | - | - | - | - | 2,482.6 | - | - | 2,482.6 |
| Fines & Court Fees | 255.6 | - | - | - | - | - | - | 255.6 |
| Interest Income | 286.0 | 38.5 | - | 50.0 | 1,540.8 | 761.0 | 58.0 | 2,734.3 |
| Charges to Other Funds | - | - | - | - | - | - | 2,931.0 | 2,931.0 |
| Sale of Property | - | - | - | - | - | - | 3,054.0 | 3,054.0 |
| Insurance Premiums | - | - | - | - | - | - | 3,879.4 | 3,879.4 |
| Financing Proceeds | - | - | 500.0 | 16,340.0 | - | 3,899.8 | - | 20,739.8 |
| Miscellaneous Revenue | 637.1 | 31.8 | - | - | - | 989.6 | 75.2 | 1,733.7 |
| Sub-Total | 38,718.1 | 2,003.7 | 500.0 | 18,087.3 | 4,023.4 | 54,819.6 | 10,109.1 | 128,261.2 |
| Transfers In | - | 86.4 | 4,739.2 | 685.9 | - | 454.3 | 335.1 | 6,300.9 |
| Total Revenues | 38,718.1 | 2,090.1 | 5,239.2 | 18,773.2 | 4,023.4 | 55,273.9 | 10,444.2 | 134,562.1 |
| Expenditures/Expenses: | | | | | | | | |
| General Administration | \$2,581.1 | \$ - | \$4,748.1 | \$ - | \$ - | \$ - | \$7,685.7 | \$15,014.9 |
| Public Health and Safety | 19,236.0 | - | - | 2,886.3 | 1,500.8 | 683.5 | 1,036.8 | 25,343.4 |
| Maint. and Const. of Public Buildings and Right-of-Ways | 9,932.5 | 1,435.8 | - | 6,995.3 | - | - | 2,018.1 | 20,381.7 |
| Maint. and Const. of Public Utilities | - | - | - | - | - | 58,886.5 | 392.6 | 59,279.1 |
| Community Development | 2,684.9 | - | - | 10,158.4 | - | - | 0.0 | 12,843.3 |
| Sub Total | 34,434.5 | 1,435.8 | 4,748.1 | 20,040.0 | 1,500.8 | 59,570.0 | 11,133.2 | 132,862.4 |
| Transfers Out | 5,075.3 | 653.7 | - | - | - | 532.1 | 39.8 | 6,300.9 |
| Total Expenditures | 39,509.8 | 2,089.5 | 4,748.1 | 20,040.0 | 1,500.8 | 60,102.1 | 11,173.0 | 139,163.3 |
| Excess (Deficiency) of Revenues over Expenditures | (791.7) | 0.6 | 491.1 | (1,266.8) | 2,522.6 | (4,828.2) | (728.8) | (4,601.2) |
| Beginning Fund Balance/ Net Assets | 17,794.5 | 1,057.8 | 248.6 | 6,829.9 | 37,297.0 | 107,689.0 | 6,222.3 | 177,139.1 |
| Ending Fund Balance/ Net Assets | 17,002.8 | 1,058.4 | 739.7 | 5,563.1 | 39,819.6 | 102,860.8 | 5,493.5 | 172,537.9 |

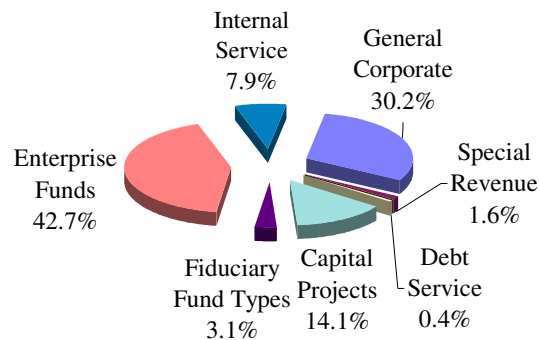
All amounts are expressed in thousands

Revenues and Expenditures by Fund Type

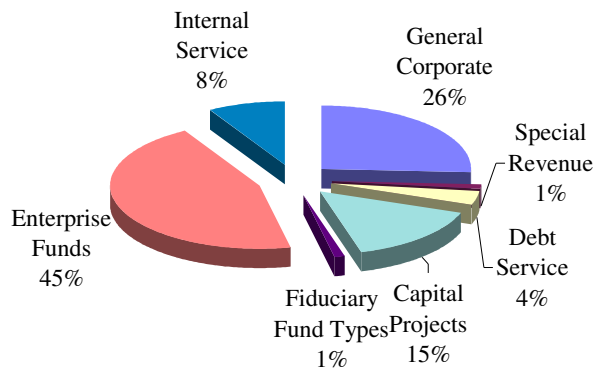
Proposed Budget Year 2006/07

The following graphs depict the relationship of the City's revenues and expenditures/expenses by fund type. The graphs do include interfund transfers. The General Corporate fund is used to account for general City services which include general administration, streets, planning, and police and fire protection. Special Revenue funds are used to segregate funds for activities financed through separate taxes. Internal Service funds, such as inventory control are used to service other funds. As shown, the largest funds of the City are Enterprise funds. These funds are used to account for the City's "business type" activities. They include the City's electric, water and wastewater utilities, as well as refuse services. Please refer to the following pages for a description of the City's funds and fund types.

Revenues - All Fund Types



Expenditures - All Fund Types



Description of Funds and Fund Types

For accounting purposes a state or local government is not treated as a single, integral entity. Rather, a government is viewed instead as a collection of smaller, separate entities known as "funds." The Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards (Codification)*, Section 1300, defines a fund as:

A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

All of the funds used by a government must be classified into one of seven "fund types." Four of these fund types are used to account for a state or local government's "governmental-type" activities and are known as "governmental funds." Two of these fund types are used to account for a government's "business-type" activities and are known as "proprietary funds." Finally, the seventh fund type is reserved for a government's "fiduciary activities."

Governmental Funds

Four fund types are used to account for governmental-type activities. These are the general fund, special revenue funds, debt service funds, and capital projects funds.

General Corporate Fund

The General Corporate Fund is used to account for most of the day-to-day operations of the City, which are financed from property taxes and other general revenues. Activities financed by the General Fund include those of line and staff departments within the City except for activities of the Enterprise Funds. There can only be one general fund.

Special Revenue Funds

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government and which therefore cannot be diverted to other uses. The City has the following special revenue funds:

TIF Funds – used to account for incremental revenue collected to cover debt service for TIF districts.

Motor Fuel Tax - underwrites the cost of some major street and bridge improvements subject to the approval of the State of Illinois.

Subsidized Transportation - provides subsidized bus service to senior citizens in St. Charles and neighboring communities, funds for which are derived from user fees, charges to other municipalities and funding from PACE.

Debt Service Funds

The Debt Service Funds are used to account for the payment of interest and principal on general and special obligation debts other than those payable from special assessments and debt issued for and serviced by a governmental enterprise.

Capital Project Funds

The Capital Projects Funds account for all resources used for the acquisition and/or construction of capital equipment and facilities by the City except those financed by the Special Assessment, Enterprise and Internal Service Funds.

Proprietary Funds

Two fund types are used to account for a government's business-type activities (activities that receive a significant portion of their funding through user fees). These are the enterprise funds and the internal service funds.

Enterprise Funds

Electric, Water and Sewer Maintenance Funds are used to account for the acquisition, operation and maintenance of City-owned electric, water and sewer facilities and services which are entirely or predominantly self-supported by user charges. The operations of these funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises. Also included in the enterprise funds is the refuse fund. This fund, however, receives some support from the general fund in the form of an inter-fund transfer.

Internal Service Funds

Internal Service Funds are used by state and local governments to account for the financing of goods and services provided by one department or agency to other departments or agencies, and to other governments, on a cost-reimbursement basis.

Inventory Control Fund - used to account for the acquisition of materials and supplies inventory that is provided to the various City funds.

Motor Vehicle Replacement Fund - used to account for the replacement of all existing motor vehicles and motorized equipment for governmental funds. Vehicle replacements for electric, water, sewer are budgeted in the appropriate enterprise fund. Vehicle replacement for inventory control is budgeted in the inventory control internal service fund.

Self-Insurance Funds - used to account for self-insurance activity related to health, worker's compensation and property/casualty/crime. Self-insurance activity for electric, water and sewer are accounted for in the appropriate enterprise funds. Self-insurance for inventory control is budgeted in the inventory internal service fund.

Communication Fund – used to account for communications infrastructure costs that are provided to the various City funds and other users.

Fiduciary Funds

These funds are used when a government holds or manages financial resources in an agent or fiduciary capacity. This single fund type is subdivided into four "sub-fund types" to account for various types of fiduciary obligations. These are nonexpendable trust fund, expendable trust fund, pension trust funds and agency funds.

Pension Trust Funds

Pension trust funds are used when governments manage pension plans.

Police and Firemen's Pension - provides for payment of retirement benefits. Funding comes from property tax, City contributions and employee contributions.

Non-Expendable and Expendable Trust Funds

These consist of resources received from non-City sources and held by the City as trustee to be expended or invested in accordance with the conditions of the trust. In a non-expendable trust, the government typically is only permitted to spend the investment earnings and not the assets. The City does not currently have any trust funds.

Agency Funds

Trust funds typically involve some degree of financial management. Agency funds are used when the government plays a more limited role by just collecting funds on behalf of some third party.

Special Assessment - this fund accounts for the collection of special assessment payments from property owners and the subsequent payment to bondholders. This fund has a balance due to special assessment bondholders and is not a budgeted fund.

Summary of Revenues and Expenditures (Expenses)

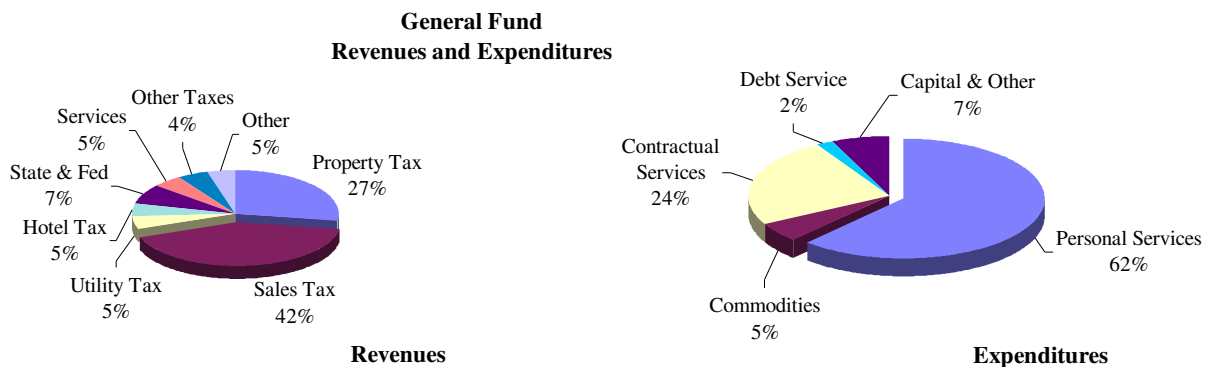
All Funds

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|--------------------|----------------------|--|----------------------|---------------------------------|------------------|------------------|
| | | Revenues | | | | |
| 9,711.1 | 10,299.8 | Property Taxes | 11,445.2 | 12,737.2 | 13,849.9 | 16,513.1 |
| 15,248.2 | 16,043.5 | Sales & Use Taxes | 16,364.7 | 16,830.7 | 17,543.1 | 17,963.0 |
| 1,614.6 | 1,754.7 | Electric Franchise Fee | 1,782.0 | 1,888.6 | 1,999.1 | 2,111.4 |
| 692.0 | 584.3 | Food & Beverage Tax | 100.0 | 0.0 | 0.0 | 0.0 |
| 1,684.9 | 1,841.1 | Hotel Occupation Tax | 1,857.4 | 1,913.2 | 1,970.5 | 2,029.7 |
| 66.5 | 70.5 | Admission Tax | 80.0 | 82.4 | 84.9 | 87.4 |
| 1,619.8 | 1,413.2 | Telecommunications Tax | 1,560.8 | 1,607.6 | 1,655.9 | 1,705.6 |
| 773.2 | 650.9 | Licenses & Permits | 582.2 | 553.6 | 503.1 | 404.7 |
| 567.3 | 646.0 | Connection Fees | 804.6 | 742.9 | 444.5 | 164.1 |
| 42,171.5 | 45,433.2 | User Charges | 45,737.9 | 48,189.4 | 50,745.4 | 53,324.2 |
| 2,767.1 | 4,062.8 | State & Federal Shared Revenue | 3,952.5 | 3,642.9 | 3,800.2 | 9,922.5 |
| 962.4 | 950.4 | Motor Fuel Tax | 907.0 | 934.2 | 962.2 | 991.1 |
| 1,053.8 | 728.4 | Reimbursement for Improvements | 3,296.2 | 1,877.6 | 1,449.1 | 1,030.5 |
| 1,680.9 | 2,038.5 | Reimbursement for Services | 1,888.3 | 1,874.0 | 1,897.5 | 2,577.6 |
| 86.0 | 88.5 | Charges to other Governments | 92.0 | 94.8 | 97.6 | 100.6 |
| 2,011.3 | 2,381.0 | Pension Contributions | 2,482.6 | 2,569.8 | 2,700.3 | 2,924.8 |
| 256.5 | 288.0 | Fines & Court Fees | 255.6 | 263.3 | 271.2 | 279.3 |
| 2,667.9 | 3,982.2 | Interest Income | 2,734.3 | 2,764.8 | 2,836.5 | 2,921.2 |
| 2,863.7 | 2,984.8 | Charges to Other Funds | 2,931.0 | 3,057.2 | 3,092.8 | 3,150.0 |
| 3,079.6 | 3,144.7 | Sale of Property | 3,054.0 | 3,157.0 | 3,261.7 | 3,319.2 |
| 2,206.2 | 2,785.1 | Miscellaneous Revenue | 1,733.7 | 1,790.0 | 2,176.7 | 1,836.7 |
| 3,533.7 | 3,721.6 | Insurance Premiums | 3,879.4 | 4,007.9 | 4,140.8 | 4,278.4 |
| 6,441.5 | 20,824.0 | Financing Proceeds | 20,739.8 | 17,532.1 | 0.0 | 23,045.0 |
| 103,759.7 | 126,717.2 | Sub-Total | 128,261.2 | 128,111.2 | 115,483.0 | 150,680.1 |
| 3,595.7 | 5,692.3 | Transfers In | 6,300.9 | 7,028.0 | 8,080.0 | 9,167.7 |
| 107,355.4 | 132,409.5 | Total | 134,562.1 | 135,139.2 | 123,563.0 | 159,847.8 |
| | | Expenditures/Expenses | | | | |
| 12,143.4 | 15,747.6 | General Administration | 15,014.9 | 16,751.2 | 17,598.8 | 18,475.6 |
| 20,982.7 | 21,959.4 | Public Health and Safety | 25,343.4 | 22,511.0 | 23,282.3 | 28,533.4 |
| 13,625.7 | 20,753.4 | Maint. & Const. of Public Bldgs. & Right-of-Ways | 20,381.7 | 14,434.7 | 14,726.6 | 44,084.5 |
| 52,944.0 | 53,393.8 | Maint. & Const. of Public Utilities | 59,279.1 | 58,309.5 | 57,277.8 | 58,587.4 |
| 4,947.2 | 6,909.8 | Community Development | 12,843.3 | 12,189.0 | 7,672.1 | 4,083.4 |
| 104,643.0 | 118,764.0 | Sub-Total | 132,862.4 | 124,195.4 | 120,557.6 | 153,764.3 |
| 3,595.7 | 5,692.3 | Transfers Out | 6,300.9 | 7,028.0 | 8,080.0 | 9,167.6 |
| 108,238.7 | 124,456.3 | Total | 139,163.3 | 131,223.4 | 128,637.6 | 162,931.9 |
| (883.3) | 7,953.2 | Excess (Deficiency) of Revenues over Expenditures/Expenses | (4,601.2) | 3,915.8 | (5,074.6) | (3,084.1) |

General Corporate Fund - This fund is used to account for most of the current day to day operations of the City which are financed through property taxes and other general revenues. Activities financed by the general fund include those of line and department staff within the City except for activities of the Proprietary Funds.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|--------------------|----------------------|-----------------------------------|----------------------|---------------------------------|-----------------|-----------------|
| | | Revenues | | | | |
| 9,231.8 | 9,727.1 | Property Taxes | 10,601.3 | 11,681.5 | 12,597.9 | 13,574.5 |
| 15,217.7 | 16,010.2 | Sales & Use Taxes | 16,331.6 | 16,796.6 | 17,508.0 | 17,926.8 |
| 1,614.6 | 1,754.7 | Electric Franchise Fee | 1,782.0 | 1,888.6 | 1,999.1 | 2,111.4 |
| 692.0 | 584.3 | Food & Beverage Tax | 100.0 | 0.0 | 0.0 | 0.0 |
| 66.5 | 70.5 | Admissions Taxes | 80.0 | 82.4 | 84.9 | 87.4 |
| 1,637.4 | 1,782.4 | Hotel Occupation Tax | 1,800.0 | 1,854.0 | 1,909.6 | 1,966.9 |
| 1,619.8 | 1,413.2 | Telecommunications Tax | 1,560.8 | 1,607.6 | 1,655.9 | 1,705.6 |
| 773.2 | 650.9 | Licenses & Permits | 582.2 | 553.6 | 503.1 | 404.7 |
| 2,323.7 | 3,383.0 | State & Federal Shared Revenue | 2,813.2 | 2,740.0 | 2,822.1 | 2,906.8 |
| 1,680.9 | 2,038.5 | Reimbursement for Services | 1,888.3 | 1,874.0 | 1,897.5 | 2,577.6 |
| 256.5 | 288.0 | Fines & Court Fees | 255.6 | 263.3 | 271.2 | 279.3 |
| 112.7 | 546.8 | Interest Income | 286.0 | 294.6 | 303.4 | 312.5 |
| 514.6 | 380.6 | Miscellaneous Revenue | 637.1 | 653.8 | 670.9 | 688.6 |
| 717.6 | 0.0 | Financing Proceeds | 0.0 | 182.3 | 0.0 | 5,000.0 |
| 36,459.0 | 38,630.2 | Sub-Total | 38,718.1 | 40,472.3 | 42,223.6 | 49,542.1 |
| 1.7 | 0.0 | Transfers In | 0.0 | 0.0 | 0.0 | 0.0 |
| 36,460.7 | 38,630.2 | Total | 38,718.1 | 40,472.3 | 42,223.6 | 49,542.1 |
| | | Expenditures | | | | |
| 1,945.9 | 2,071.2 | General Administration | 2,581.1 | 2,977.0 | 2,630.5 | 2,773.1 |
| 16,405.4 | 18,874.6 | Public Health and Safety | 19,236.0 | 19,014.6 | 19,842.8 | 25,686.9 |
| | | Maint. & Const. of Public | | | | |
| 8,826.6 | 8,679.6 | Bldgs. & Right-of-Ways | 9,932.5 | 10,225.3 | 11,058.9 | 12,313.3 |
| 2,130.0 | 2,285.2 | Community Development | 2,684.9 | 2,694.0 | 2,851.3 | 2,948.3 |
| 29,307.9 | 31,910.6 | Sub-Total | 34,434.5 | 34,910.9 | 36,383.5 | 43,721.6 |
| 2,907.6 | 4,632.1 | Transfers Out | 5,075.3 | 5,435.3 | 5,464.2 | 5,333.3 |
| 32,215.5 | 36,542.7 | Total | 39,509.8 | 40,346.2 | 41,847.7 | 49,054.9 |
| 4,245.2 | 2,087.5 | Excess (Deficiency) of | | | | |
| | | Revenues over Expenditures | (791.7) | 126.1 | 375.9 | 487.2 |
| 11,461.8 | 15,707.0 | Beginning Fund Balance | 17,794.5 | 17,002.8 | 17,128.9 | 17,504.8 |
| 0.0 | 0.0 | Adjustment to Fund Balance | 0.0 | 0.0 | 0.0 | 0.0 |
| 15,707.0 | 17,794.5 | Ending Fund Balance | 17,002.8 | 17,128.9 | 17,504.8 | 17,992.0 |

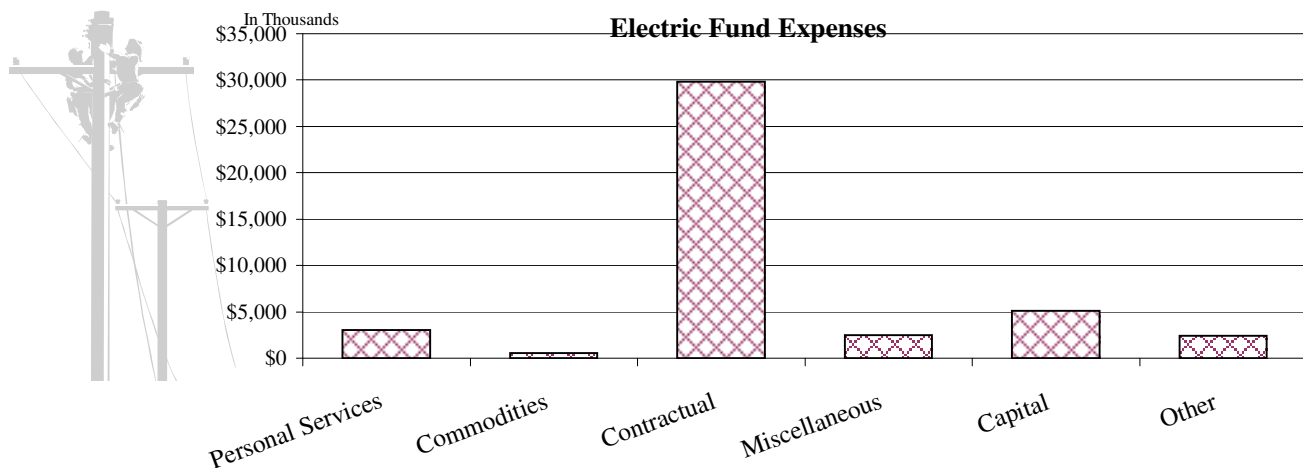
Shown below is a graph of 6/07 budgeted revenues and expenditures. Any inter-fund transfers are not shown. Sales Tax makes up the largest portion of general fund revenue and this is why the City is concentrating its effort to maintain/increase its tax base. The expenditures are broken out by type rather than source as it demonstrates how the money is being spent. Personal services account for 62% of general fund expenditures covering services such as police and fire protection and street maintenance.



Electric Fund - The electric fund is used to account for the acquisition, operation, and maintenance of City-owned electric power and communication facilities. This fund is self-supported by user charges. The operations for this fund are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises. There are 6 electric substations in the City that serve approximately 13,086 residential and 1,788 commercial customers.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|--------------------|----------------------|--|----------------------|---------------------------------|------------------|-----------------|
| | | Revenues | | | | |
| 114.4 | 152.8 | Connection Fees | 103.1 | 96.0 | 88.4 | 75.1 |
| 33,412.3 | 36,209.9 | User Charges | 36,635.3 | 38,806.0 | 41,058.1 | 43,346.4 |
| 208.8 | 476.6 | Interest Income | 317.0 | 326.5 | 336.3 | 346.4 |
| 1,012.2 | 694.6 | Reimbursements for Improvements | 2,139.1 | 1,836.3 | 1,406.5 | 986.7 |
| 596.8 | 580.8 | Miscellaneous Revenue | 484.3 | 507.3 | 528.7 | 531.5 |
| 0.0 | 0.0 | Financing Proceeds | 0.0 | 4,349.8 | 0.0 | 0.0 |
| 235.6 | 308.0 | Transfers In | 266.0 | 273.0 | 280.0 | 287.0 |
| 35,580.1 | 38,422.7 | Total | 39,944.8 | 46,194.9 | 43,698.0 | 45,573.1 |
| | | Expenses | | | | |
| 36,109.9 | 38,931.0 | Maint. & Const. of Public Utilities | 43,215.6 | 45,967.3 | 46,049.0 | 45,576.0 |
| 0.0 | 0.0 | Transfers Out | 268.4 | 363.1 | 364.0 | 364.6 |
| 36,109.9 | 38,931.0 | Total | 43,484.0 | 46,330.4 | 46,413.0 | 45,940.6 |
| (529.8) | (508.3) | Excess (Deficiency) of Revenues over Expenses | (3,539.2) | (135.5) | (2,715.0) | (367.5) |
| 58,114.7 | 59,880.6 | Beginning Net Assets | 59,372.3 | 55,833.1 | 55,697.6 | 52,982.6 |
| 1,851.8 | 0.0 | Fixed Assets Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 443.9 | 0.0 | Debt Service Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 59,880.6 | 59,372.3 | Ending Net Assets | 55,833.1 | 55,697.6 | 52,982.6 | 52,615.1 |

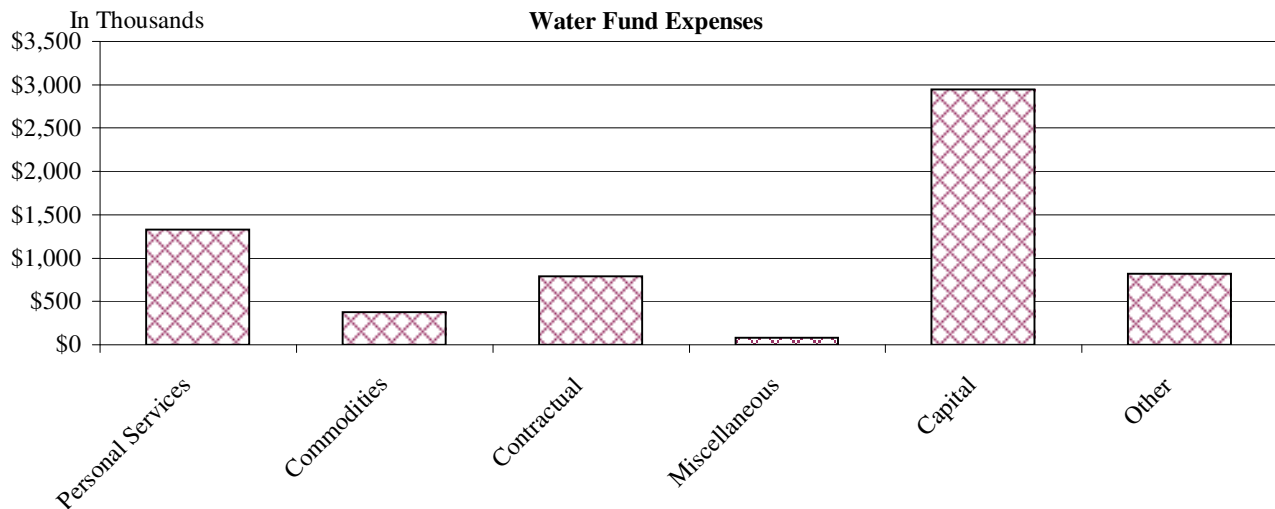
Electric service is supported almost entirely through user charges. Shown below is a graph of expenses for the electric fund budgeted for FY 06/07. The City currently has a contract to buy electric power from Commonwealth Edison until 2007. It constitutes about 75% of operating costs. The electric fund issued debt for the first time ever in FY 98/99 to cover the cost of capital improvements. Additional debt was issued in FY 99/00 and FY 02/03.



Water Fund - The water fund is used to account for the acquisition, operation, and maintenance of City-owned water facilities. These facilities are self-supported by user charges. The operations of this fund are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises. The City has 7 wells with an average daily pumpage of 4,400,000 gallons.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- | | |
|--------------------------------------|------------------------------|-------------------------------------|------------------------------|----------------------------|-----------------|------------------|
| | | | | FY 07/08 | FY 08/09 | FY 09/10 |
| <u>Revenues</u> | | | | | | |
| 172.1 | 178.8 | Connection Fees | 249.1 | 223.7 | 140.4 | 40.5 |
| 2,910.1 | 3,163.5 | User Charges | 2,945.5 | 3,038.0 | 3,144.9 | 3,246.8 |
| 159.2 | 327.9 | Interest Income | 219.0 | 225.6 | 232.3 | 239.3 |
| 25.2 | 20.1 | Reimbursements for Improvements | 589.7 | 31.6 | 32.6 | 33.5 |
| 634.5 | 210.5 | Miscellaneous Revenue | 192.1 | 199.4 | 176.6 | 165.3 |
| 0.0 | 0.0 | Financing Proceeds | 1,782.3 | 0.0 | 0.0 | 0.0 |
| 3,901.1 | 3,900.8 | Total | 5,977.7 | 3,718.3 | 3,726.8 | 3,725.4 |
| <u>Expenses</u> | | | | | | |
| 3,687.8 | 7,279.0 | Maint. & Const. of Public Utilities | 6,254.3 | 5,027.9 | 3,849.6 | 4,822.2 |
| 0.0 | 0.0 | Transfers Out | 91.0 | 123.1 | 123.4 | 123.6 |
| 3,687.8 | 7,279.0 | Total | 6,345.3 | 5,151.0 | 3,973.0 | 4,945.8 |
| <u>Excess (Deficiency) of</u> | | | | | | |
| 213.3 | (3,378.2) | Revenues over Expenses | (367.6) | (1,432.7) | (246.2) | (1,220.4) |
| 24,567.3 | 24,593.6 | Beginning Net Assets | 21,215.4 | 20,847.8 | 19,415.1 | 19,168.9 |
| (187.0) | 0.0 | Fixed Assets Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 24,593.6 | 21,215.4 | Ending Net Assets | 20,847.8 | 19,415.1 | 19,168.9 | 17,948.5 |

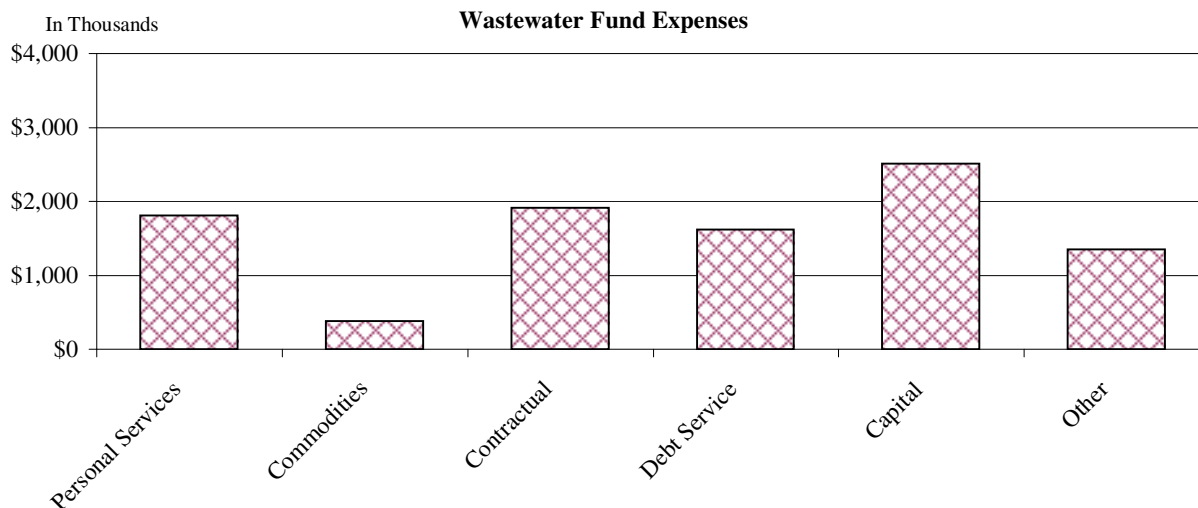
Shown below are the expenditures for the budget year 06/07. Due to sufficient reserves, no rate increase is planned for proposed.




Wastewater Fund - The wastewater fund is used to account for the acquisition, operation, and maintenance of City-owned wastewater facilities. This includes sewage treatment and sanitary sewers. The fund is self-supported by user charges. The operations of this fund are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises. There is an average daily flow of 4,700,000 of wastewater with a capacity of 9,700,000.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|-------------------------------|----------------------|-------------------------------------|----------------------|---------------------------------|-----------------|------------------|
| Revenues | | | | | | |
| 280.8 | 314.4 | Connection Fees | 452.4 | 423.2 | 215.7 | 48.5 |
| 5,374.7 | 5,482.8 | User Charges | 5,566.9 | 5,755.1 | 5,943.2 | 6,122.8 |
| 148.8 | 248.5 | Interest Income | 225.0 | 231.7 | 238.7 | 245.8 |
| 47.0 | 0.0 | State & Federal Shared Revenue | 0.0 | 0.0 | 0.0 | 0.0 |
| 10.4 | 13.7 | Reimbursements for Improvements | 9.4 | 9.7 | 10.0 | 10.3 |
| 296.1 | 323.4 | Miscellaneous | 282.3 | 299.2 | 306.4 | 313.4 |
| 0.0 | 1,777.2 | Financing Proceeds | 2,117.5 | 0.0 | 0.0 | 0.0 |
| 6,157.8 | 8,160.0 | Total | 8,653.5 | 6,718.9 | 6,714.0 | 6,740.8 |
| Expenses | | | | | | |
| 13,146.3 | 6,962.6 | Maint. & Const. of Public Utilities | 9,416.6 | 7,075.1 | 7,176.5 | 7,981.0 |
| 0.0 | 0.0 | Transfers Out | 172.7 | 233.6 | 234.2 | 234.6 |
| 13,146.3 | 6,962.6 | Total | 9,589.3 | 7,308.7 | 7,410.7 | 8,215.6 |
| Excess (Deficiency) of | | | | | | |
| (6,988.5) | 1,197.4 | Revenues over Expenses | (935.8) | (589.8) | (696.7) | (1,474.8) |
| 25,653.1 | 25,752.5 | Beginning Net Assets | 26,949.9 | 26,014.1 | 25,424.3 | 24,727.6 |
| 6,478.7 | 0.0 | Fixed Assets Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 609.2 | 0.0 | Debt Service Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 25,752.5 | 26,949.9 | Ending Net Assets | 26,014.1 | 25,424.3 | 24,727.6 | 23,252.8 |

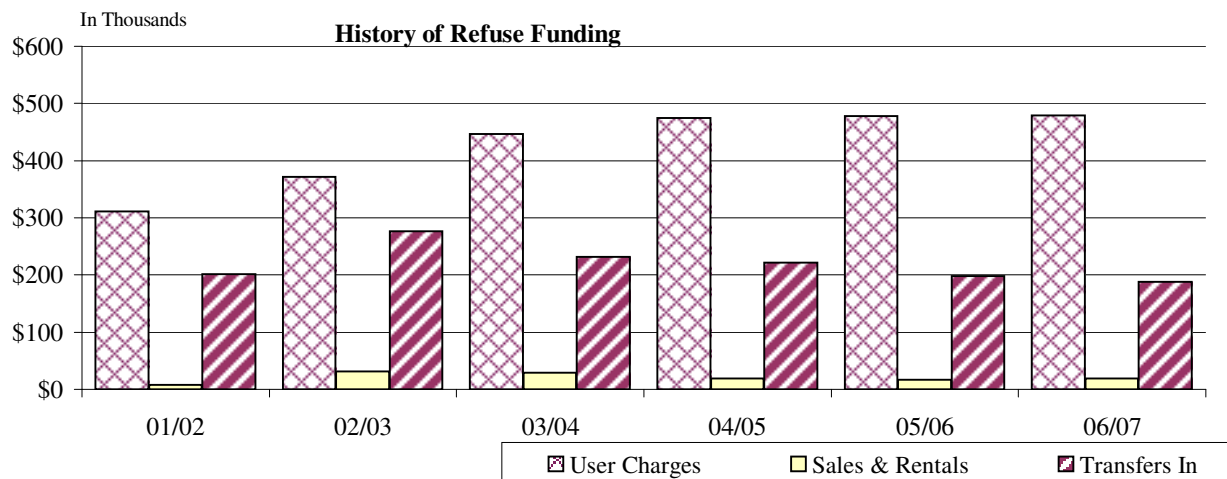
Shown below is a graph of the expenditures for the wastewater fund for budget year 06/07. The wastewater fund issued debt in FY 99/00 and again in FY 04/05 and FY 05/06 to cover EPA mandates for \$10,000,000 in capital improvements at the Eastside plant. No rate increase is planned for proposed.



Refuse Fund - The refuse fund is an enterprise fund used to account for the City's refuse disposal program. The fund is supported through user charges, a portion of refuse bag sales, rental income and operating transfers from the general fund. Various programs are run through the refuse fund including spring cleanup, brush pickup and leaf pickup. St. Charles encourages recycling.

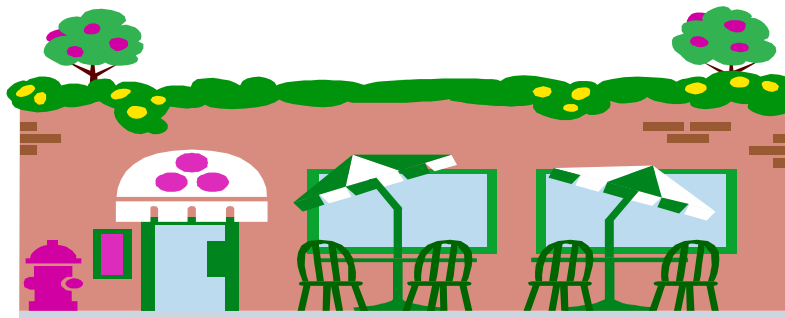
| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|---|----------------------|-------------------------------|----------------------|---------------------------------|--------------|--------------|
|  | | | | | | |
| Revenues | | | | | | |
| 474.4 | 477.5 | User Charges | 478.7 | 487.3 | 496.2 | 505.2 |
| 8.2 | 7.2 | Rental Income | 5.5 | 5.5 | 5.5 | 5.5 |
| 32.2 | 30.4 | Miscellaneous | 25.4 | 26.1 | 26.9 | 27.7 |
| 221.8 | 198.6 | Transfers In | 188.3 | 199.9 | 211.8 | 224.2 |
| 736.6 | 713.7 | Total | 697.9 | 718.8 | 740.4 | 762.6 |
| Expenses | | | | | | |
| 661.5 | 690.7 | Public Health & Safety | 683.5 | 704.0 | 725.1 | 746.8 |
| 661.5 | 690.7 | Total | 683.5 | 704.0 | 725.1 | 746.8 |
| Excess (Deficiency) of | | | | | | |
| 75.1 | 23.0 | Revenues over Expenses | 14.4 | 14.8 | 15.3 | 15.8 |
| 63.7 | 128.4 | Beginning Net Assets | 151.4 | 165.8 | 180.6 | 195.9 |
| (10.4) | 0.0 | Fixed Assets Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 128.4 | 151.4 | Ending Net Assets | 165.8 | 180.6 | 195.9 | 211.7 |

The refuse fund has been supported in past years from interfund transfers from the corporate fund. A refuse pickup fee was implemented in FY 98/99 for the spring cleanup and brush pickup programs. The graphs below show the change in revenue sources over the last five years compared to the projected year.



TIF Districts - TIF funds were established to account for revitalization to downtown business districts and industrial areas of St. Charles. Property taxes for the TIF districts are used to fund debt service and improvements. Included in this group is the Hotel Baker, Moline Foundry, St. Charles Mall, First Street Development and St. Charles Manufacturing.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- | | |
|----------------------------------|------------------------------------|-------------------------------------|------------------------------------|----------------------------|-----------------|-----------------|
| | | | | FY 07/08 | FY 08/09 | FY 09/10 |
| <u>Revenues</u> | | | | | | |
| 130.5 | 133.6 | Property Taxes Hotel Baker TIF | 148.5 | 153.6 | 158.8 | 164.2 |
| 203.0 | 223.8 | Property Taxes Moline TIF | 244.4 | 319.1 | 327.4 | 363.2 |
| 41.7 | 63.6 | Property Taxes Mall TIF | 69.8 | 75.2 | 80.7 | 242.4 |
| 102.8 | 130.0 | Property Taxes First Street TIF | 340.2 | 357.2 | 488.7 | 1,913.7 |
| 1.3 | 21.7 | Property Taxes St. Charles Mfg. TIF | 41.0 | 150.6 | 196.4 | 255.1 |
| 30.5 | 33.3 | Sales & Use Taxes Hotel Baker TIF | 33.1 | 34.1 | 35.1 | 36.2 |
| 47.5 | 58.7 | Hotel Tax Hotel Baker TIF | 57.4 | 59.2 | 60.9 | 62.8 |
| 8.0 | 15.5 | Interest Income | 9.5 | 9.8 | 10.1 | 10.3 |
| 7.0 | 20.9 | Miscellaneous Revenue | 11.0 | 0.0 | 0.0 | 0.0 |
| 572.3 | 701.1 | Total | 954.9 | 1,158.8 | 1,358.1 | 3,047.9 |
| <u>Expenditures</u> | | | | | | |
| 537.3 | 1,020.6 | Transfers Out | 653.7 | 832.9 | 1,853.8 | 3,071.1 |
| 537.3 | 1,020.6 | Total | 653.7 | 832.9 | 1,853.8 | 3,071.1 |
| Excess (Deficiency) of | | | | | | |
| 35.0 | (319.5) | Revenues over Expenditures | 301.2 | 325.9 | (495.7) | (23.2) |
| (436.5) | (401.5) | Beginning Fund Balance | (721.0) | (419.8) | (93.9) | (589.6) |
| (401.5) | (721.0) | Ending Fund Balance | (419.8) | (93.9) | (589.6) | (612.8) |

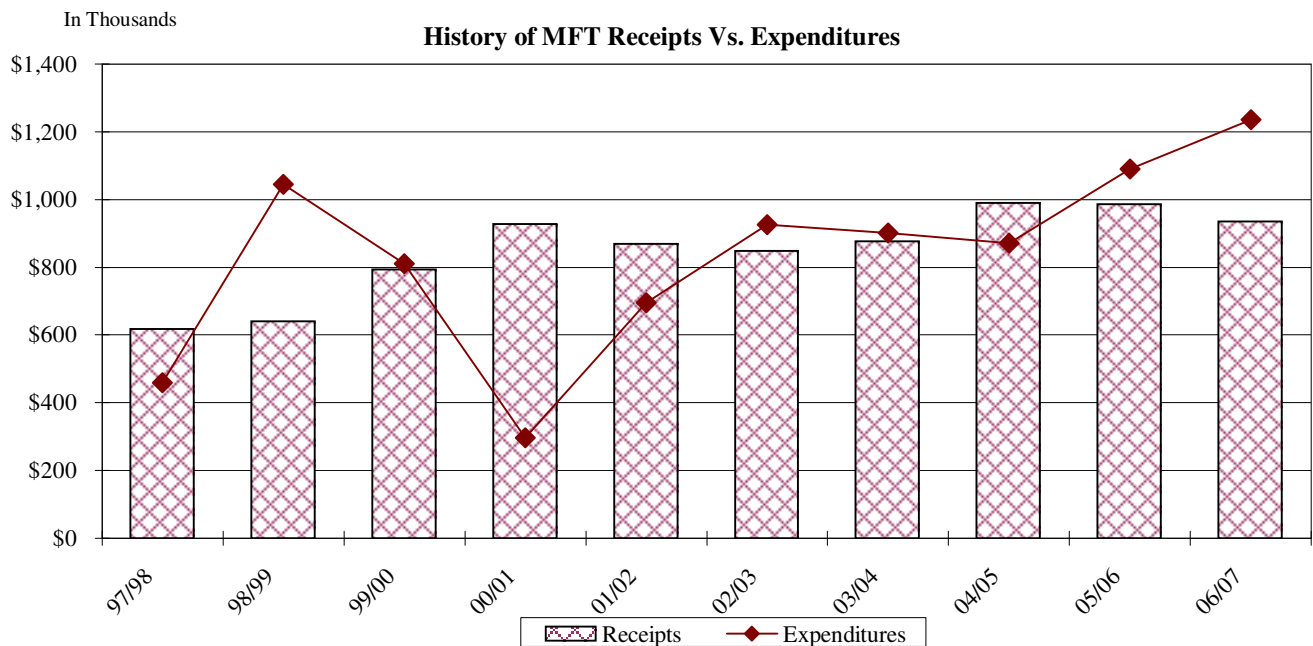


At this time the City has established five TIF districts for the Hotel Baker, the Moline Foundry, the St. Charles Mall, the First Street Development and St. Charles Manufacturing. A TIF - Tax Increment Financing District - is established to encourage renovation of a deteriorating area.

Motor Fuel Tax Fund - This fund was set up to underwrite the cost of major street and bridge improvements. These improvements are subject to approval by the State of Illinois. Some of these projects are reimbursed by the State. Revenue sources in this fund are state grants and the portion of motor fuel tax that the City receives from the state. This money is based on per capita data from an official census. This is one of the reasons the City did a complete census in 2003.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|---------------------|----------------------|--|----------------------|---------------------------------|----------------|------------------|
| Revenues | | | | | | |
| 962.4 | 950.4 | Motor Fuel Tax | 907.0 | 934.2 | 962.2 | 991.1 |
| 27.0 | 54.7 | Interest Income | 29.0 | 29.9 | 30.8 | 31.7 |
| 989.4 | 1,005.1 | Total | 936.0 | 964.1 | 993.0 | 1,022.8 |
| Expenditures | | | | | | |
| 870.5 | 1,090.1 | Maint. & Const. of Public Bldgs. & Right-of-Ways | 1,235.0 | 1,110.5 | 660.5 | 2,343.7 |
| 118.9 | (85.0) | Excess (Deficiency) of Revenues over Expenditures | (299.0) | (146.4) | 332.5 | (1,320.9) |
| 1,738.1 | 1,857.0 | Beginning Fund Balance | 1,772.0 | 1,473.0 | 1,326.6 | 1,659.1 |
| 1,857.0 | 1,772.0 | Ending Fund Balance | 1,473.0 | 1,326.6 | 1,659.1 | 338.2 |

The amount of motor fuel tax distributed is based on a per capita amount determined by the state. The amount per capita has grown from \$14.45 in 1984 to \$28.50 in 2005. Also playing a part in how much the City receives is gasoline consumption. This factor is largely dependant on the economy and is the reason for some downturn or leveling off in revenue.

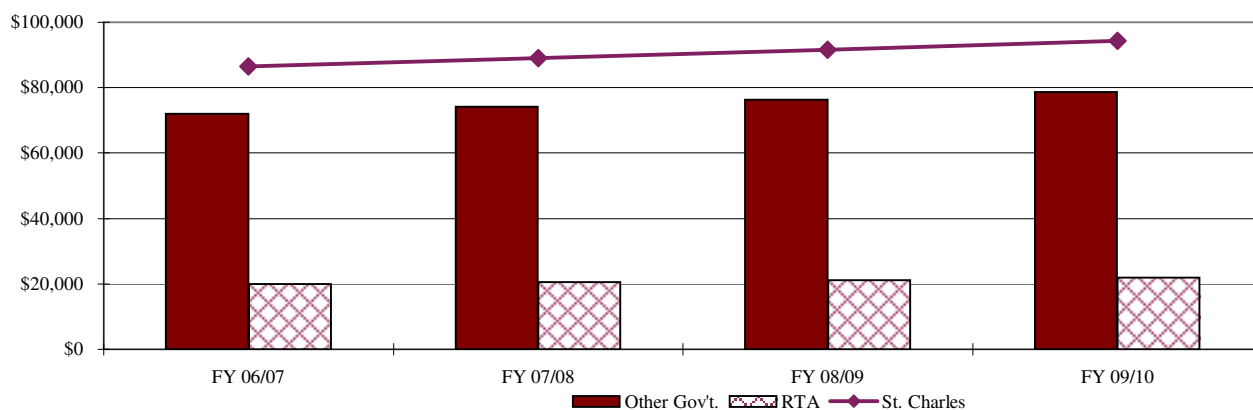


Subsidized Transportation Fund - This fund provides subsidized bus service to senior citizens and to handicapped individuals in St. Charles and neighboring communities. Revenues are derived from minimal user charges, charges to other governments and reimbursements from PACE. St. Charles funds more than its share to cover costs to keep this well received program going.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- | | |
|-------------------------------|------------------------------|-----------------------------------|------------------------------|----------------------------|-----------------|--------------|
| | | | FY 07/08 | FY 08/09 | FY 09/10 | |
| <u>Revenues</u> | | | | | | |
| 86.0 | 88.5 | Charges to Other Governments | 92.0 | 94.8 | 97.6 | 100.6 |
| 17.1 | 18.3 | Ticket Sales | 20.8 | 21.4 | 22.0 | 22.7 |
| 0.4 | 0.4 | Interest Income | 0.0 | 0.0 | 0.0 | 0.0 |
| 77.5 | 98.9 | Transfers In | 86.4 | 89.0 | 91.6 | 94.4 |
| 181.0 | 206.1 | Total | 199.2 | 205.2 | 211.2 | 217.7 |
| <u>Expenditures</u> | | | | | | |
| | | Maint. & Const. of Public | | | | |
| 183.4 | 197.7 | Bldgs. & Right-of-Ways | 200.8 | 206.8 | 213.2 | 219.3 |
| 183.4 | 197.7 | Total | 200.8 | 206.8 | 213.2 | 219.3 |
| Excess (Deficiency) of | | | | | | |
| (2.4) | 8.4 | Revenues over Expenditures | (1.6) | (1.6) | (2.0) | (1.6) |
| 0.8 | (1.6) | Beginning Fund Balance (Deficit) | 6.8 | 5.2 | 3.6 | 1.6 |
| 0.0 | 0.0 | Adjustment to Fund Balance | 0.0 | 0.0 | 0.0 | 0.0 |
| Ending Fund | | | | | | |
| (1.6) | 6.8 | Balance/Deficit | 5.2 | 3.6 | 1.6 | 0.0 |

Shown below is a breakdown of the funding for the para-transit program. The initial costs are broken out between St. Charles, Geneva and Geneva Township. The costs are divided based on census population. Because St. Charles has the highest population it covers the largest share. St. Charles has also agreed to cover excess costs that the other participants will not cover. A portion of the costs are reimbursable by PACE. The graph depicts just how much St. Charles is contributing to keep this service going.

Subsidized Transportaion



Police Pension Fund - This fund provides for retirement and disability payments for St. Charles police officers. Funding comes from property taxes and employee contributions. The amount that the City levies for is determined by an independent actuarial.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- | | |
|--------------------|----------------------|--|----------------------|---------------------|-----------------|-----------------|
| | | | | FY 07/08 | FY 08/09 | FY 09/10 |
| | | <u>Revenues</u> | | | | |
| 1,084.5 | 1,117.0 | Interest Income | 1,084.0 | 1,116.5 | 1,150.0 | 1,184.5 |
| 886.3 | 972.2 | Contributions from City | 991.6 | 1,011.5 | 1,031.7 | 1,052.3 |
| 388.6 | 368.3 | Contributions from Members | 383.9 | 395.4 | 407.3 | 419.5 |
| 2,359.4 | 2,457.5 | Total | 2,459.5 | 2,523.4 | 2,589.0 | 2,656.3 |
| | | <u>Expenses</u> | | | | |
| 1,059.2 | 1,069.8 | Public Health & Safety | 1,090.8 | 1,123.5 | 1,157.2 | 1,191.9 |
| 1,300.2 | 1,387.7 | Excess (Deficiency) of Revenues over Expenses | 1,368.7 | 1,399.9 | 1,431.8 | 1,464.4 |
| | | Beginning Fund Balance | | | | |
| 18,143.8 | 19,444.0 | Reserved for Retirement Obligations | 20,831.7 | 22,200.4 | 23,600.3 | 25,032.1 |
| | | Ending Fund Balance Reserved for Retirement Obligations | 22,200.4 | 23,600.3 | 25,032.1 | 26,496.5 |

The following table is an analysis of the dollar amounts of net assets available for benefits, pension benefit obligation and unfunded pension benefit obligation. As of January 1, 2001 employees contribute 9.91% of their base salary to the plan. The City is required to finance the plan as actuarially determined by an enrolled actuary. The City levies property taxes to fund this obligation. In accordance with GASB 27, the taxes are collected in the City's general fund and are then shown as an expense in the general fund with a corresponding revenue in the pension fund.

| Analysis of Police Pension Funding Progress | | | | | | | |
|--|--|--|-------------------------------------|---|---------------------------|--|--|
| Actuarial Valuation Date April 30, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded AAL (UAAL) (2) - (1) | (5) Covered Payroll | UAAL As a Percentage of Covered Payroll (4) / (5) | |
| 2000 | \$ 14,419,091 | \$ 19,852,850 | 72.63% | \$ 5,433,759 | \$ 2,751,341 | 197.49% | |
| 2001 | 15,283,139 | 22,381,113 | 68.29% | 7,097,974 | 2,853,332 | 248.76% | |
| 2002 | 15,776,732 | 24,264,471 | 65.02% | 8,487,739 | 3,210,071 | 264.41% | |
| 2003 | 16,104,564 | 26,249,005 | 61.35% | 10,144,441 | 3,341,767 | 303.57% | |
| 2004 | 18,143,826 | 28,687,658 | 63.25% | 10,543,832 | 3,537,104 | 298.09% | |
| 2005 | 19,444,068 | 29,678,938 | 65.51% | 10,234,870 | 3,373,443 | 303.40% | |

Fire Pension Fund - This fund provides for retirement and disability payments for St. Charles Firefighters. Funding comes from property taxes and employee contributions. The amount that the City levies for is determined by an independent actuarial.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|--------------------|----------------------|--|----------------------|---------------------------------|-----------------|-----------------|
| | | <u>Revenues</u> | | | | |
| 818.8 | 887.8 | Interest Income | 456.8 | 470.5 | 484.6 | 499.2 |
| 429.1 | 605.6 | Contributions from City | 734.1 | 778.7 | 865.6 | 1,045.4 |
| 307.3 | 434.9 | Contributions from Members | 373.0 | 384.2 | 395.7 | 407.6 |
| 1,555.2 | 1,928.3 | Total | 1,563.9 | 1,633.4 | 1,745.9 | 1,952.2 |
| | | <u>Expenses</u> | | | | |
| 325.3 | 338.4 | Public Health & Safety | 410.0 | 422.3 | 435.0 | 448.0 |
| 1,229.9 | 1,589.9 | Excess (Deficiency) of Revenues over Expenses | 1,153.9 | 1,211.1 | 1,310.9 | 1,504.2 |
| | | Beginning Fund Balance | | | | |
| 13,645.5 | 14,875.4 | Reserved for Retirement Obligations | 16,465.3 | 17,619.2 | 18,830.3 | 20,141.2 |
| | | Ending Fund Balance Reserved for Retirement Obligations | 17,619.2 | 18,830.3 | 20,141.2 | 21,645.4 |

The following table is an analysis of the dollar amounts of net assets available for benefits, pension benefit obligation and unfunded pension obligation. The fire pension fund has typically been funded at or near 100%. As of July 1, 2004 employees contribute 9.455% of their base salary to the plan. The City is required to finance the plan as actuarially determined by an enrolled actuary. The City levies property taxes to fund this obligation. In accordance with GASB 27, the taxes are collected in the City's general fund and are then shown as an expense in the general fund with a corresponding revenue in the pension fund.

**Analysis of Fire Pension
Funding Progress**

| Actuarial Valuation Date April 30, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) AAL (UAAL) (OAAL) (2) - (1) | (5) Covered Payroll | UAAL (OAAL) As a Percentage of Covered Payroll (4) / (5) |
|---|--|--|-------------------------------------|---|---------------------------|--|
| 2000 | \$ 9,377,643 | \$ 9,579,114 | 97.90% | \$ 201,471 | \$ 1,816,642 | 11.09% |
| 2001 | 10,631,501 | 10,532,319 | 100.94% | (99,182) | 1,928,703 | (5.14%) |
| 2002 | 11,575,283 | 11,682,622 | 99.08% | 107,339 | 1,973,720 | 5.44% |
| 2003 | 12,937,052 | 12,981,825 | 99.66% | 44,773 | 2,182,461 | 2.05% |
| 2004 | 13,645,519 | 14,947,971 | 91.29% | 1,302,452 | 2,749,062 | 47.38% |
| 2005 | 14,875,368 | 16,639,816 | 89.40% | 1,764,448 | 3,384,683 | 52.13% |

Capital Project Funds - These funds account for all resources used for the acquisition and/or construction of capital equipment and facilities by the City, except those financed by enterprise or internal service funds.

| Actual | Estimate | | Proposed | -----Projected----- | | |
|-----------------|-----------------|----------------------------------|------------------|----------------------------|------------------|------------------|
| FY 04/05 | FY 05/06 | | FY 06/07 | FY 07/08 | FY 08/09 | FY 09/10 |
| | | <u>Revenues</u> | | | | |
| 6.0 | 0.0 | Reimbursement for Improvements | 558.0 | 0.0 | 0.0 | 0.0 |
| 396.4 | 679.8 | State & Federal Shared Revenue | 1,139.3 | 902.9 | 978.1 | 7,015.7 |
| 63.1 | 221.0 | Interest Income | 50.0 | 0.0 | 0.0 | 0.0 |
| 0.0 | 1,004.0 | Miscellaneous Revenue | 0.0 | 0.0 | 360.0 | 0.0 |
| 5,619.1 | 16,434.1 | Financing Proceeds | 16,340.0 | 12,500.0 | 0.0 | 18,045.0 |
| 518.6 | 1,732.7 | Transfers In | 685.9 | 740.7 | 800.0 | 864.0 |
| 6,603.2 | 20,071.6 | Total | 18,773.2 | 14,143.6 | 2,138.1 | 25,924.7 |
| | | <u>Expenditures</u> | | | | |
| 1,919.6 | 22.6 | Public Health & Safety | 2,886.3 | 842.8 | 0.0 | 0.0 |
| | | Maint. & Const. of Public | | | | |
| 1,790.8 | 8,923.2 | Bldgs. & Right-of-Ways | 6,995.3 | 750.0 | 750.0 | 27,273.0 |
| 2,817.2 | 4,599.6 | Community Development | 10,158.4 | 9,468.0 | 4,789.8 | 1,102.1 |
| 138.4 | 0.0 | Transfers Out | 0.0 | 0.0 | 0.0 | 0.0 |
| 6,666.0 | 13,545.4 | Total | 20,040.0 | 11,060.8 | 5,539.8 | 28,375.1 |
| | | Excess (Deficiency) of | | | | |
| (62.8) | 6,526.2 | Revenue over Expenditures | (1,266.8) | 3,082.8 | (3,401.7) | (2,450.4) |
| 366.5 | 303.7 | Beginning Fund Balance | 6,829.9 | 5,563.1 | 8,645.9 | 5,244.2 |
| 303.7 | 6,829.9 | Ending Fund Balance | 5,563.1 | 8,645.9 | 5,244.2 | 2,793.8 |

Debt Service Funds - Debt service funds are used to account for the payment of principal and interest on general obligation debts other than that payable from special assessments and debt issued for and serviced by a governmental enterprise. Historically, the City has not had a lot of debt. In the past eight years the City has issued \$44,209,000 in GO Bonds, \$14,585,000 in TIF Bonds and \$3,705,000 in SSA Bonds. In addition there are plans for another \$20,739,800 in GO Bonds next year. The increased need for financing is due in part to major city renovations and a desire to revitalize certain areas of the City.

| Actual | Estimate | | Proposed | -----Projected----- | | |
|-----------------|-----------------|----------------------------------|-----------------|----------------------------|-----------------|-----------------|
| FY 04/05 | FY 05/06 | | FY 06/07 | FY 07/08 | FY 08/09 | FY 09/10 |
| | | <u>Revenues</u> | | | | |
| 9.4 | 4.6 | Interest Income | 0.0 | 0.0 | 0.0 | 0.0 |
| 104.8 | 2,612.7 | Financing Proceeds | 500.0 | 500.0 | 0.0 | 0.0 |
| 2,540.5 | 3,073.1 | Transfers In | 4,739.2 | 5,380.3 | 6,341.1 | 7,331.9 |
| 2,654.7 | 5,690.4 | Total | 5,239.2 | 5,880.3 | 6,341.1 | 7,331.9 |
| | | <u>Expenditures</u> | | | | |
| 3,133.1 | 6,167.6 | General Administration | 4,748.1 | 5,880.3 | 6,841.1 | 7,331.9 |
| 3,133.1 | 6,167.6 | Total | 4,748.1 | 5,880.3 | 6,841.1 | 7,331.9 |
| | | Excess (Deficiency) of | | | | |
| (478.4) | (477.2) | Revenues over Expenditure | 491.1 | 0.0 | (500.0) | 0.0 |
| | | Beginning Fund Balance | | | | |
| 1,204.2 | 725.8 | Reserved for Debt Service | 248.6 | 739.7 | 739.7 | 239.7 |
| 725.8 | 248.6 | Ending Fund Balance | 739.7 | 739.7 | 239.7 | 239.7 |
| | | Reserved for Debt Service | | | | |

Internal Service Funds (ISF) - The remaining funds to follow are called Internal Service Funds. These are used to finance and account for services and/or commodities furnished by a designated fund or department to other funds or departments within the city.

ISF - Inventory - This fund is used to account for the acquisition of materials and supplies inventory that is provided to the various city funds on a cost reimbursement basis.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|----------------------------|------------------------------|-------------------------------|------------------------------|---|-----------------|-----------------|
| | | <u>Revenues</u> | | | | |
| 3,002.6 | 3,103.7 | Items for Resale | 3,000.0 | 3,090.0 | 3,182.7 | 3,278.2 |
| 1.6 | 3.9 | Interest Income | 1.5 | 1.5 | 1.6 | 1.6 |
| 16.5 | 17.2 | Miscellaneous Revenue | 17.5 | 18.0 | 18.6 | 19.1 |
| 910.2 | 645.6 | Charges to Other Funds | 754.6 | 803.9 | 856.7 | 883.6 |
| 3,930.9 | 3,770.4 | Total | 3,773.6 | 3,913.4 | 4,059.6 | 4,182.5 |
| | | <u>Expenses</u> | | | | |
| 3,776.4 | 3,618.0 | General Administration | 3,851.4 | 3,946.1 | 4,062.4 | 4,185.4 |
| 3,776.4 | 3,618.0 | Total | 3,851.4 | 3,946.1 | 4,062.4 | 4,185.4 |
| | | Excess (Deficiency) of | | | | |
| 154.5 | 152.4 | Revenues over Expenses | (77.8) | (32.7) | (2.8) | (2.9) |
| 2,734.8 | 2,884.3 | Beginning Net Assets | 3,036.7 | 2,958.9 | 2,926.2 | 2,923.4 |
| (5.0) | 0.0 | Fixed Assets Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 2,884.3 | 3,036.7 | Ending Net Assets | 2,958.9 | 2,926.2 | 2,923.4 | 2,920.5 |

ISF - Vehicles - This fund is used to account for the rental of motor vehicles to the general fund. The general fund pays rent based on the depreciation of the vehicles owned and when the vehicle needs to be replaced it is purchased out of this fund. This fund also includes the fleet management department. Their services are charged back to the respective fund using their services.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|----------------------------|------------------------------|-------------------------------|------------------------------|---|-----------------|-----------------|
| | | <u>Revenues</u> | | | | |
| 747.0 | 865.9 | Rental Income | 766.2 | 789.2 | 812.9 | 837.3 |
| 12.9 | 29.6 | Interest Income | 20.0 | 20.6 | 10.0 | 10.0 |
| 1,206.5 | 1,122.9 | Charges to Other Funds | 1,288.1 | 1,322.2 | 1,361.9 | 1,402.8 |
| 77.0 | 41.0 | Sale of Fixed Assets | 54.0 | 67.0 | 79.0 | 41.0 |
| 72.6 | 148.0 | Miscellaneous | 25.7 | 26.4 | 27.2 | 28.0 |
| 2,116.0 | 2,207.4 | Total | 2,154.0 | 2,225.4 | 2,291.0 | 2,319.1 |
| | | <u>Expenses</u> | | | | |
| 180.0 | 657.3 | Public Health & Safety | 573.5 | 143.8 | 854.4 | 184.0 |
| | | Maint. & Const. of Public | | | | |
| 1,535.6 | 1,647.6 | Bldgs. & Right-of-Ways | 1,627.4 | 2,002.1 | 1,899.8 | 1,786.7 |
| 0.0 | 25.0 | Community Development | 0.0 | 27.0 | 31.0 | 33.0 |
| 12.4 | 39.6 | Transfers Out | 39.8 | 40.0 | 40.4 | 40.4 |
| 1,728.0 | 2,369.5 | Total | 2,240.7 | 2,212.9 | 2,825.6 | 2,044.1 |
| | | Excess (Deficiency) of | | | | |
| 388.0 | (162.1) | Revenues over Expenses | (86.7) | 12.5 | (534.6) | 275.0 |
| 2,988.7 | 3,373.2 | Beginning Net Assets | 3,211.1 | 3,124.4 | 3,136.9 | 2,602.3 |
| (3.5) | 0.0 | Fixed Asset Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 3,373.2 | 3,211.1 | Ending Net Assets | 3,124.4 | 3,136.9 | 2,602.3 | 2,877.3 |

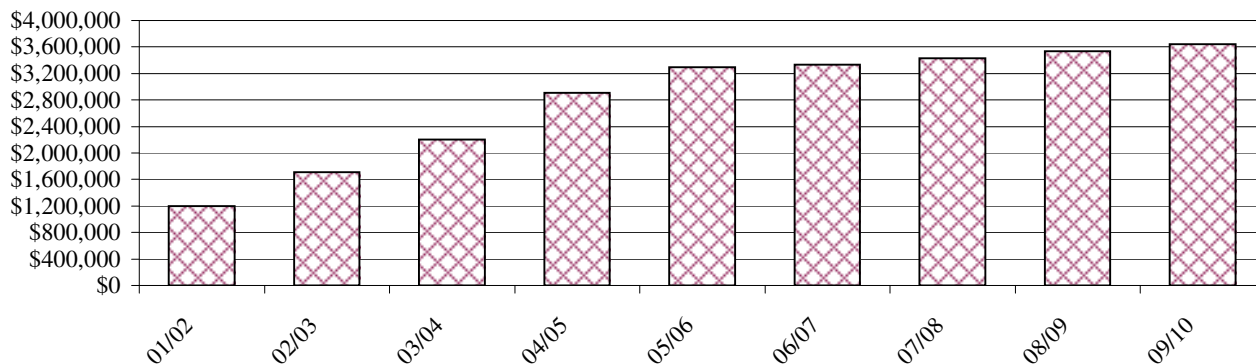
ISF - Health Insurance - The City is self-insured and this fund accounts for the activity of the City's health insurance costs for all funds.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|--------------------|----------------------|-------------------------------|----------------------|---------------------------------|--------------|--------------|
| | | Revenues | | | | |
| (0.9) | 0.4 | Interest Income | 0.0 | 0.0 | 0.0 | 0.0 |
| 2,966.1 | 3,317.3 | Insurance Premiums | 3,453.5 | 3,569.2 | 3,689.0 | 3,813.0 |
| 2,965.2 | 3,317.7 | Total | 3,453.5 | 3,569.2 | 3,689.0 | 3,813.0 |
| | | Expenses | | | | |
| 2,929.4 | 3,513.1 | General Administration | 3,353.5 | 3,454.1 | 3,557.7 | 3,664.4 |
| 2,929.4 | 3,513.1 | Total | 3,353.5 | 3,454.1 | 3,557.7 | 3,664.4 |
| | | Excess(Deficiency)of | | | | |
| 35.8 | (195.4) | Revenues over Expenses | 100.0 | 115.1 | 131.3 | 148.6 |
| (123.6) | (87.8) | Beginning Net Assets | (283.2) | (183.2) | (68.1) | 63.2 |
| (87.8) | (283.2) | Ending Net Assets | (183.2) | (68.1) | 63.2 | 211.8 |

As the chart below shows the City's insurance costs have risen considerably over past years. These costs include insurance claims, premiums for excess insurance and premiums for those employees that participate in a POS. In order to defray some costs, the City started sharing the cost of family coverage with employees in 1992. A cafeteria plan was implemented that allows the employee to pay their portion of the premium pre-tax. Starting in 1995 the City also implemented a healthy program which encourages good health and a healthful lifestyle. Those who meet certain criteria such as a low cholesterol level or are a non-smoker are offered discounted family coverage. A rebate is given for those with single coverage because single coverage is still offered at no cost to the employee.



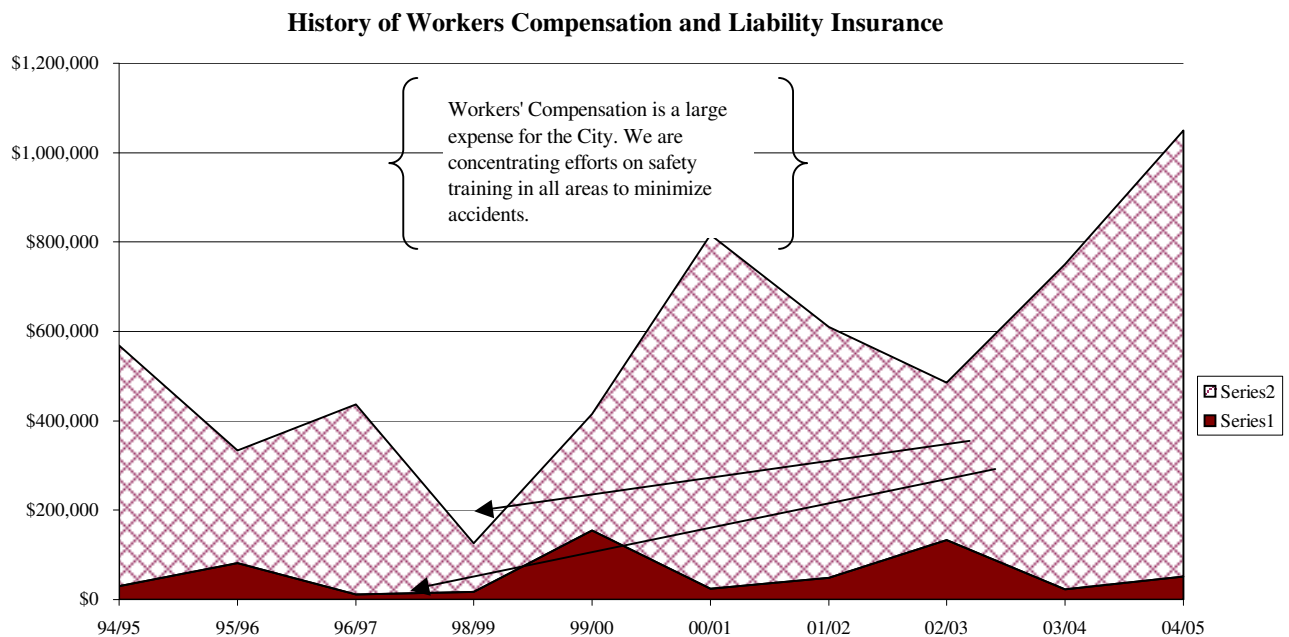
History and Projection of Health Insurance Funding



ISF - Workers Compensation/Liability - This fund accounts for the self-insurance activity related to workers compensation insurance and liability insurance for property, casualty and crime for governmental service funds. All enterprise activity is accounted for in the appropriate proprietary fund.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|--------------------|----------------------|--|----------------------|---------------------------------|---------------|---------------|
| Revenues | | | | | | |
| 13.6 | 38.3 | Interest Income | 31.5 | 32.4 | 33.4 | 34.4 |
| 567.6 | 404.3 | Insurance Premiums | 425.9 | 438.7 | 451.8 | 465.4 |
| 10.6 | 42.7 | Miscellaneous | 25.0 | 25.8 | 26.5 | 27.3 |
| 0.0 | 281.0 | Transfers In | 335.1 | 345.1 | 355.5 | 366.2 |
| 591.8 | 766.3 | Total | 817.5 | 842.0 | 867.2 | 893.3 |
| Expenses | | | | | | |
| 358.6 | 377.7 | General Administration | 480.8 | 493.7 | 507.1 | 520.8 |
| 431.7 | 306.0 | Public Health & Safety | 463.3 | 260.0 | 267.8 | 275.8 |
| 418.8 | 215.2 | Maint. & Const. of Public Bldgs. & Right-of-Ways | 390.7 | 140.0 | 144.2 | 148.5 |
| 1,209.1 | 898.9 | Total | 1,334.8 | 893.7 | 919.1 | 945.1 |
| (617.3) | (132.6) | Excess(Deficiency)of Revenues over Expenses | (517.3) | (51.7) | (51.9) | (51.8) |
| 768.6 | 151.3 | Beginning Net Assets | 18.7 | 155.4 | 103.7 | 51.8 |
| 0.0 | 0.0 | Adjustment to Fund Balance | 654.0 | 0.0 | 0.0 | 0.0 |
| 151.3 | 18.7 | Ending Net Assets | 155.4 | 103.7 | 51.8 | 0.0 |

The data displayed in the graph below shows the relationship between workers compensation payouts and general liability payouts. This information was provided to us by our insurance company. The totals for each year may not match the actual dollars paid out in that year due to the fact that they put the payout in the year the claim occurred not the year paid. This graph also depicts total insurance claims including enterprise funds accounted for in proprietary accounts.



ISF - Communications - The City has a new internal service fund to account for communications infrastructure costs.

| Actual FY 04/05 | Estimate FY 05/06 | | Proposed FY 06/07 | -----Projected----- FY 07/08 | FY 08/09 | FY 09/10 |
|--------------------|----------------------|-------------------------------------|----------------------|---------------------------------|---------------|---------------|
| | | <u>Revenues</u> | | | | |
| 0.0 | 99.5 | User Charges | 111.5 | 103.0 | 103.0 | 103.0 |
| 0.0 | 9.2 | Interest Income | 5.0 | 5.2 | 5.3 | 5.5 |
| 0.0 | 350.4 | Charges to Other Funds | 122.1 | 141.9 | 61.3 | 26.3 |
| 0.0 | 1.1 | Miscellaneous Revenue | 7.0 | 7.1 | 7.4 | 7.6 |
| 0.0 | 460.2 | Total | 245.6 | 257.2 | 177.0 | 142.4 |
| | | <u>Expenses</u> | | | | |
| 0.0 | 221.2 | Maint. & Const. of Public Utilities | 392.6 | 239.2 | 202.7 | 208.2 |
| 0.0 | 221.2 | Total | 392.6 | 239.2 | 202.7 | 208.2 |
| | | Excess(Deficiency)of | | | | |
| 0.0 | 239.0 | Revenues over Expenses | (147.0) | 18.0 | (25.7) | (65.8) |
| 0.0 | 0.0 | Beginning Net Assets | 239.0 | 92.0 | 110.0 | 84.3 |
| 0.0 | 0.0 | Fixed Asset Adjustments | 0.0 | 0.0 | 0.0 | 0.0 |
| 0.0 | 239.0 | Ending Net Assets | 92.0 | 110.0 | 84.3 | 18.5 |

Capital Improvements Plan

Capital Improvements Summary

VIII - 3

Capital Improvements Detail

VIII - 13

Project Request

Project Name ***Red Gate Road Bridge***

Estimated Total Cost of Project

| |
|--------------|
| \$27,273,000 |
|--------------|

Project Description

1. Location

Red Gate Road extended Easterly from IL Route 31 to IL Route 25.

2. Work to be Performed

Two (2)-lane bridge construction and adjoining roadway with bike/pedestrian accomodations.

3. Reason for Work

The City of St. Charles initiated the Phase One (I) Engineering Study in 2005. This study anticipated for completion in 2006 is funded under and agreement with IDOT. (Further, IDOT has included \$6,000,000 in their Multiyear Plan for intersection improvements at Red Gate Road and IL Route 31 and proposed Red Gate Road and IL Route 25.) The project purpose and need will 1) reduce the 2030 Average Daily Traffice (ADT) by 10% in downtown St. Charles, 2) improve emergency service response (police, fire, and emergency medical) due to the addition of a Bridge Over the Fox River bewteen South Elgin and St. Charles, a 6.5 mile gap today, and 3) provide for another connection between the east and west sides of the developing Kane County urban corridor along the Fox River. Finally, a River Crossing at Red Gate Road will save motorists 4,000,000 miles in travel and nearly \$2,000,000 annually in vehicle operating costs.

4. Impact on Budget

(Discussion of recurring costs, savings that will be realized, benefit to the city & citizens)

Total project costs will not be available until final plans are completed. The funds to complete the project are estimated to include a total of \$7,200,000 in grants.

Project Request

Project Name ***Randall Road Watermain Replacement***

Estimated Total Cost of Project

| |
|-------------|
| \$1,782,277 |
|-------------|

Project Description

1. Location

Randall Road from Dean Street to Oak Street and West Main Street from 19th Street to Oak Street.

2. Work to be Performed

Repalcement of watermain, in conjunction with Kane County Randall Roadway improvements.

3. Reason for Work

The Randall Road watermain project comes as an opportunity presented by the Kane County DOT project along the same section of roadway. The roadway project begins on Randall Road at Red Haw Lane and extends south to Oak Street. Additionally, it includes improvements along IL Route 64 from Oak Street eastward to 19th Street. The watermain improvements include 1.6 miles of watermain replacement of which one mile is 12-inch watermain and one half mile is 16-inch watermain. The main replaces the exiting water distribution mains as well as provides a means to "link" two City wells to centralize treatment in the future.

4. Impact on Budget

(Discussion of recurring costs, savings that will be realized, benefit to the city & citizens)

Completion of this project will connect two City wells. This will allow the City to centralize treatment in the future. The City is also able to complete this project in conjunction with the Kane County DOT

Project Request

Project Name ***Electric Substation #9***

Estimated Total Cost of Project

| |
|-------------|
| \$3,500,000 |
|-------------|

Project Description

1. Location

East of Kirk Road, South of Swenson

2. Work to be Performed

Construct a new substation and associated buss work and equipment.

3. Reason for Work

To create an additional source of connection to the transmission grid for increased reliability and reduced cost. In recent years the electric facilities on the East side of St Charles have become loaded nearly to capacity. Substation 9 will provide addition facilities for new ComEd lines and for redistribution of our existing loads. We will be able to maintain our high reliability and have greater flexibility for restoring power in emergency situations.

4. Impact on Budget

(Discussion of recurring costs, savings that will be realized, benefit to the city & citizens)

Project Request

Project Name **First Street Redevelopment**

Estimated Total Cost of Project

| |
|--------------|
| \$30,000,000 |
|--------------|

Project Description

1. Location

Boundaries of the First Street Redevelopment Project Area are Main St., 2nd St. to Mount St. Mary Park, north on First St. to Indiana, east to the River, and north again to Main St.

2. Work to be Performed

The Downtown Strategy Plan (November 2000) identified this area of the downtown as a corridor of opportunity. The City's goal is to assist in development of a "A family-friendly, pedestrian-oriented shopping district, which coordinates with the Riverfront Master Plan, and is financially viable." The new shopping district will include a continuous street facade of new buildings with first floor retail and upper level housing and office space; a new parking deck will be constructed, aging infrastructure will be replaced, and riverfront improvements will be constructed. A tax increment finance district has been created to assist with the associated costs.

3. Reason for Work

The vision found in the Strategy plan seeks to replace long expanses of parking lots with new retail buildings to enhance the shopping experience found downtown. This project will create a new shopping area that will compliment the entertainment niche downtown St. Charles has found. This redevelopment will create new public spaces for the community interaction, enhance the public's access to the river, and

Project Request

Project Name

Fire Station #1

Estimated Total Cost of Project

| |
|-------------|
| \$3,109,000 |
|-------------|

Project Description

1. Location

The Downtown area of the City.

2. Work to be Performed

Construction and renovation of a new fire station area housed in the Century Stations building.

3. Reason for Work

To house the additional fire department staff and new apparatuses.

4. Impact on Budget

(Discussion of recurring costs, savings that will be realized, benefit to the city & citizens)

Project Request

Project Name

Fire Station #4

Estimated Total Cost of Project

| |
|-------------|
| \$4,507,700 |
|-------------|

Project Description

1. Location

The Northwest area of the City.

2. Work to be Performed

Construction and equipping of a new fire station.

3. Reason for Work

The population of St. Charles is expected to grow to approximately 35,654 by the year 2009. In order to maintain our existing insurance rating of ISO II there is a need to add coverage on the Northwest side of the City. The St. Charles Fire Department serves the city and the St. Charles Countryside Fire Protection District. The total population of the City and Fire Protection District combined is expected to be approximately 55,064 by 2010. Although the city is reaching its limits, the District's population is growing and coverage must be maintained. This project is not slated to begin until FY 2009/2010.

4. Impact on Budget

(Discussion of recurring costs, savings that will be realized, benefit to the city & citizens)

Capital Improvements Plan

Account Number Key

In the following detail of capital the sub-account is listed. Below is a key listing the type of capital expenditure the account number refers to:

| | |
|------|---|
| 3101 | Land |
| 3105 | Structures & Improvements |
| 3108 | Land Improvements |
| 3112 | Motor Vehicles |
| 3121 | Acquisitions- Construction of Structure |
| 3125 | Architectural & Professional |
| 3131 | Machinery, Tools |
| 3135 | Office Furnishing |
| 3137 | Data Processing Equipment |
| 3141 | Ground Fixtures |
| 3161 | Collection Storm Sewers |
| 3199 | Capital not Classified |
| 3205 | Station Equipment |
| 3211 | Poles, Towers & Fixtures |
| 3221 | Overhead Conduit & Devices |
| 3225 | Underground Conduit |
| 3231 | Underground Conduit & Devices |
| 3236 | Line Transformers |
| 3242 | Services to House |
| 3246 | Electric Meters |
| 3252 | Street Light & Signal Supply |
| 3361 | Collecting Sewers |
| 3363 | Flow Measuring Devices |
| 3386 | Pumping Equipment |
| 3388 | Treatment & Disposal Equipment |
| 3411 | Wells |
| 3415 | Supply Mains |
| 3419 | Purmping Equipment |
| 3446 | Water Meters |
| 3451 | Water Treatment Equipment |
| 3466 | District Reservoirs & Standpipe |
| 3468 | Transmission & District Main |
| 3488 | Hydrants |

Fiscal Year 2006/2007

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> (See Key) | <u>Capital Item</u> | <u>Amount</u> |
|---|-----------------------------|---|-------------------|
| Corporate Fund | | | |
| Central Support Services | | | |
| Information Systems | 3137 | Replace/upgrade Network Servers | 13,000.00 |
| Information Systems | 3137 | Wireless Access Point | 13,000.00 |
| Information Systems | 3137 | Switch Replacement Program | 18,100.00 |
| Sub-total Central Support Services | | | 44,100.00 |
| Police Services | | | |
| Police Services | 3135 | New Office Furniture | 88,000.00 |
| Police Services | 3137 | Upgrade/replace Mobile Data Computers | 65,000.00 |
| Police Services | 3137 | Modem Upgrades for Alerts System | 27,000.00 |
| Police Services | 3199 | Mobile-based Field Report Sys. (Offset by Grant) | 47,427.00 |
| Police Services | 3199 | 54 Motorola Radios (18/year for 3 years) | 36,000.00 |
| Police Services | 3199 | Landscaping for Firearms Range | 25,000.00 |
| Police Services | 3199 | Construction of Firearms Range | 77,240.00 |
| Police Services | 3199 | Upgrade of Microstate Mobile Computers | 33,000.00 |
| Sub-total Police Services | | | 398,667.00 |
| Fire Services | | | |
| Fire Services | 3112 | Fire Engine - Addition to Fleet | 375,000.00 |
| Fire Services | 3112 | Safety House Trailer Improvements | 25,000.00 |
| Fire Services | 3131 | ALS Life Packs | 20,000.00 |
| Fire Services | 3131 | Various Rescue Equipment Replacement | 18,000.00 |
| Fire Services | 3131 | Hose Fittings and Appliance Replacement | 16,500.00 |
| Fire Services | 3199 | Portable Radio and Pager Replacement | 27,500.00 |
| Sub-total Fire Services | | | 482,000.00 |
| Community and Economic Development | | | |
| Community Development | 3199 | River Corridor Improvements - Erik & Me | 150,000.00 |
| Economic Development | 3116 | Remodel of Purchasing | 36,000.00 |
| Sub-total Community and Economic Development | | | 186,000.00 |
| Engineering | | | |
| Engineering | 3108 | Concrete Program | 200,000.00 |
| Engineering | 3108 | Culvert Maintenance Program | 85,000.00 |
| Engineering | 3108 | 7th Avenue at Ronzheimer Avenue | 150,000.00 |
| Engineering | 3108 | IL Route 31 Sidewalk to State Street | 24,000.00 |
| Engineering | 3125 | Concrete Program Engineering | 42,000.00 |
| Engineering | 3125 | Annual Resurfacing Program | 15,000.00 |
| Engineering | 3125 | Design Eng. for City Hall Parking and Streetscape | 50,000.00 |
| Engineering | 3125 | Culvert Maintenance Program Engineering | 55,000.00 |
| Engineering | 3125 | Tyler Road Detention & Remap Floodplain | 60,000.00 |

Fiscal Year 2006/2007

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|------------------------------|----------------|--|-------------------|
| | (See Key) | | |
| Engineering | 3125 | IL Route 64 at Oak Street - Engineering | 90,000.00 |
| Engineering | 3125 | 1st Avenue Reconstruction - Design Engineering | 15,000.00 |
| Engineering | 3125 | City Hall Lot J - Fire Station Remodel | 15,000.00 |
| Engineering | 3125 | Municipal Ctr. River Wall, Fountains, Plaza - Eng. | 25,000.00 |
| Sub-total Engineering | | | 826,000.00 |

| | | | |
|-----------------------------|--|--|---------------------|
| Total Corporate Fund | | | 1,936,767.00 |
|-----------------------------|--|--|---------------------|

Electric Fund

| | | | |
|-------------------------------|------|--|------------|
| Transmission and Distribution | 3108 | Substation 8 Landscaping | 20,000.00 |
| Transmission and Distribution | 3113 | Vehicle 1902 Replacement (Digger Line Truck) | 165,000.00 |
| Transmission and Distribution | 3131 | Vermeer 550 Aquavac | 50,000.00 |
| Transmission and Distribution | 3131 | Panther Backyard Easement Machine | 79,000.00 |
| Transmission and Distribution | 3199 | City Hall Lighting | 25,000.00 |
| Transmission and Distribution | 3205 | Scada | 75,000.00 |
| Transmission and Distribution | 3205 | Scada for Communications | 45,800.00 |
| Transmission and Distribution | 3205 | UPS and Surge Protection | 10,000.00 |
| Transmission and Distribution | 3205 | Substation 3 Main Breakers | 60,000.00 |
| Transmission and Distribution | 3205 | Substation Battery | 15,000.00 |
| Transmission and Distribution | 3205 | Recloser Controls | 25,000.00 |
| Transmission and Distribution | 3205 | Transformer 3 Panel | 30,471.00 |
| Transmission and Distribution | 3205 | 35kv Vacuum Circuit Breaker | 50,000.00 |
| Transmission and Distribution | 3205 | Local HMI ¹ & IED ² (Substation 3) | 25,000.00 |
| Transmission and Distribution | 3205 | Local HMI ¹ & IED ² (Substation 2) | 25,000.00 |
| Transmission and Distribution | 3205 | Substation 9 Site Work | 100,000.00 |
| Transmission and Distribution | 3205 | Site Plan Design | 618,465.00 |
| Transmission and Distribution | 3205 | Site Development | 379,706.00 |
| Transmission and Distribution | 3208 | Undrgrd Contrtr. Unscheduled Replacement | 50,000.00 |
| Transmission and Distribution | 3208 | Bricher Office Park - #0211111 | 93,000.00 |
| Transmission and Distribution | 3208 | Mejier Out Lots (Burger King) | 24,000.00 |
| Transmission and Distribution | 3208 | Reserves of St. Charles - #0303071 | 200,000.00 |
| Transmission and Distribution | 3208 | Cable Replacement Program | 400,000.00 |
| Transmission and Distribution | 3208 | Petkis Property | 140,000.00 |
| Transmission and Distribution | 3208 | 9th Street North of Dean Office Complex | 10,000.00 |
| Transmission and Distribution | 3208 | Remington Glen (Foxwood) - #0211061 | 20,000.00 |
| Transmission and Distribution | 3208 | Batavia Enterprises | 20,000.00 |
| Transmission and Distribution | 3208 | Kane County Fairground Development | 40,000.00 |
| Transmission and Distribution | 3208 | Valley Community Bank | 12,000.00 |
| Transmission and Distribution | 3208 | Public Works Compound - #0410011 | 20,000.00 |
| Transmission and Distribution | 3208 | Duct - Main St. to Dean St. (2nd Duct Project) | 235,000.00 |
| Transmission and Distribution | 3208 | System Inventory and Mapping | 37,126.00 |
| Transmission and Distribution | 3208 | Porter Business Pk -(North 12th St.) - #0501131 | 55,000.00 |

Fiscal Year 2006/2007

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|-------------------------------|----------------|--|---------------------|
| | (See Key) | | |
| Transmission and Distribution | 3208 | Foundry Line Extension | 13,000.00 |
| Transmission and Distribution | 3208 | First Street Infrastructure - Non Reimbursed | 44,000.00 |
| Transmission and Distribution | 3208 | Delnor Woods | 100,000.00 |
| Transmission and Distribution | 3208 | Red Gate Reserves | 15,000.00 |
| Transmission and Distribution | 3208 | Rivernorth Gateway - #0505271 | 10,000.00 |
| Transmission and Distribution | 3208 | Milestone Row - #0506241 | 40,000.00 |
| Transmission and Distribution | 3208 | Hemmer (Legacy Business Park) - #0508021 | 220,000.00 |
| Transmission and Distribution | 3208 | West Gateway Regency Estates | 50,000.00 |
| Transmission and Distribution | 3208 | St. Charles Club Townhomes | 100,000.00 |
| Transmission and Distribution | 3208 | Medical Office Building - Oakwood | 10,000.00 |
| Transmission and Distribution | 3208 | Approach Streetlights at Majestic Oaks | 10,000.00 |
| Transmission and Distribution | 3208 | Valley springs Auto Spa - Westgate | 10,000.00 |
| Transmission and Distribution | 3208 | Eastgate Commons - Petco (38th Avenue) | 11,000.00 |
| Transmission and Distribution | 3208 | Eastgate Commons | 14,000.00 |
| Transmission and Distribution | 3208 | Reconductor 611 - Overhead to Underground | 311,000.00 |
| Transmission and Distribution | 3208 | Extend 612 Through West Fairground | 37,000.00 |
| Transmission and Distribution | 3208 | Hines Hardware Re-development | 13,000.00 |
| Transmission and Distribution | 3208 | Amoco - NWC of Randall Road and Dean Street | 16,500.00 |
| Transmission and Distribution | 3208 | Correct Single Phase Load Imbalance | 32,000.00 |
| Transmission and Distribution | 3208 | Use 512 to Backup 515 and 535 | 37,000.00 |
| Transmission and Distribution | 3208 | Use 212 to Loop Oak Crest | 34,000.00 |
| Transmission and Distribution | 3208 | Replace Line in Tree Areas | 10,000.00 |
| Transmission and Distribution | 3208 | Install Additional Lightning Protection | 25,000.00 |
| Transmission and Distribution | 3208 | Deploy Additional Fault Indicator | 20,000.00 |
| Transmission and Distribution | 3208 | Correct Out-of-phase Normal Opens | 20,000.00 |
| Transmission and Distribution | 3208 | First Street Material - Reimbursable Section | 36,000.00 |
| Transmission and Distribution | 3211 | Substation 3 Improvement - 35kv Tie | 25,000.00 |
| Transmission and Distribution | 3211 | Substation 5 Improvement - 13159 Tie | 10,000.00 |
| Transmission and Distribution | 3231 | Conductor and Devices - Major Repairs | 180,250.00 |
| Transmission and Distribution | 3231 | Elliot Switchgear Replacements | 50,000.00 |
| Transmission and Distribution | 3236 | Overhead Conductors and Devices | 104,585.00 |
| Transmission and Distribution | 3242 | Services/upgrades | 33,800.00 |
| Transmission and Distribution | 3252 | Street Lighting - Planned projects | 37,700.00 |
| Transmission and Distribution | 3252 | Street Lighting - Deteriorated | 20,000.00 |
| Electric Meter | 3131 | Machinery, Implements, and Tools | 3,729.00 |
| Total Electric Fund | | | 4,858,132.00 |
| Water Fund | | | |
| Water Distribution | 3108 | Randall Road from IL Routes 38 to 64 | 1,782,277.00 |
| Water Distribution | 3108 | IL Route 64/7th Ave. to Dunham Replacement | 155,000.00 |
| Water Distribution | 3108 | South Avenue Replacement | 103,000.00 |
| Water Distribution | 3108 | South/9th Ave. Replacement - 2006 ST Program | 105,000.00 |

Fiscal Year 2006/2007

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|---------------------------------|----------------|--|---------------------|
| | (See Key) | | |
| Water Distribution | 3108 | North Avenue - 3rd Avenue - Pottowatomie Park | 108,000.00 |
| Water Distribution | 3108 | Fulton/Bent, 3rd to 2nd Ave. Hydrant Extension | 100,000.00 |
| Water Distribution | 3108 | Reserves Fox River Crossing | 90,000.00 |
| Water Distribution | 3108 | Hemmer Forest Preserve Washrm. and Fountain | 20,000.00 |
| Water Distribution | 3125 | Randall Road from IL Routes 38 to 64 | 113,500.00 |
| Water Distribution | 3125 | IL Route 64/7th Ave. to Dunham Replacement | 14,000.00 |
| Water Distribution | 3415 | Valve Replacement Program | 18,000.00 |
| Water Distribution | 3468 | Reinsulated Watermain Under IL Rte. 64 Bridge | 45,000.00 |
| Water Distribution | 3488 | Hydrant Replacement Program | 25,000.00 |
| Supply, Pumping, and Storage | 3419 | Replace Booster Pump Motors Well 7 | 25,000.00 |
| Supply, Pumping, and Storage | 3419 | Electrical Improvements Well #7 | 125,000.00 |
| Total Water Fund | | | 2,828,777.00 |
| Wastewater Fund | | | |
| Collection | 3108 | Randall Road | 105,000.00 |
| Collection | 3108 | First Street Improvements | 1,925,000.00 |
| Collection | 3108 | Hemmer Forest Preserve Washroom Service | 20,000.00 |
| Collection | 3125 | First Street Redevelopment | 192,500.00 |
| Westside Treatment Plant | 3131 | Spare Return Activated Sludge Pump (RAS) | 15,000.00 |
| Eastside Treatment Plant | 3131 | Riverside LS Screen Replacement | 150,000.00 |
| Eastside Treatment Plant | 3131 | Woods of Fox Glen Generator Replacement | 20,000.00 |
| Eastside Treatment Plant | 3131 | Screenings Washers - Eastside & Riverside LS | 140,000.00 |
| Total Wastewater Fund | | | 2,567,500.00 |
| Tri City Ambulance | | | |
| Total Tri City Ambulance | 3199 | Capital Items Approved by Board | 20,000.00 |
| Total Tri City Ambulance | | | 20,000.00 |
| Motor Fuel Tax | | | |
| Motor Fuel Tax | 3108 | Annual Resurfacing Program | 1,235,000.00 |
| Total Motor Fuel Tax | | | 1,235,000.00 |
| Capital Project Funds | | | |
| Fire Station 1 | | | |
| Fire Station 1 | 3105 | Construction/Remodeling for Fire Station 1 | 2,500,000.00 |
| Sub-total Fire Station 1 | | | 2,500,000.00 |
| First Street Property | | | |
| First Street Property | 3108 | First Street - Water | 410,000.00 |
| First Street Property | 3108 | First Street - Sewer | 131,000.00 |

Fiscal Year 2006/2007

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|--|----------------|---|----------------------|
| | (See Key) | | |
| First Street Property | 3108 | Building 7A - Surface Parking | 208,000.00 |
| First Street Property | 3108 | Pavement Rehabilitation | 162,383.00 |
| First Street Property | 3108 | Storm Sewer Improvements | 335,750.00 |
| First Street Property | 3108 | Flood Plain Storage - Riverside Park | 125,875.00 |
| First Street Property | 3108 | Contingency - Constructn.of Public Improvements | 530,000.00 |
| First Street Property | 3108 | Storm Water Fee in Lieu | 145,000.00 |
| First Street Property | 3125 | Engineering Design of Public Improvements | 531,476.00 |
| First Street Property | 3125 | Construction Observation of Public Improvements | 597,910.00 |
| Sub-total First Street Property | | | 3,177,394.00 |
| Public Works Garage | | | |
| Public Works Garage | 3105 | Completion of Public Works Garage | 5,141,489.00 |
| Public Works Garage | 3108 | Public Works Garage Site Improvements | 737,774.00 |
| Public Works Garage | 3125 | Public Works Garage Construction Engineering | 40,000.00 |
| Public Works Garage | 3131 | Public Works Garage Misc. Equipment | 33,620.00 |
| Public Works Garage | 3135 | Public Works Garage Office Furniture | 268,700.00 |
| Public Works Garage | 3199 | Inventory Control Shelving and Fuel Station | 382,466.00 |
| Public Works Garage | 3199 | Public Works Garage Equipment | 62,250.00 |
| Sub-total Public Works Garage | | | 6,666,299.00 |
| Total Capital Project Funds | | | 12,343,693.00 |
| Motor Vehicle Replacement | | | |
| Police Services | 3113 | Vehicle 1731 Replacement | 32,000.00 |
| Police Services | 3113 | Vehicle 1767 Replacement | 34,000.00 |
| Police Services | 3113 | Vehicle 1871 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1874 Replacement | 32,000.00 |
| Police Services | 3113 | Vehicle 1882 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1873 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1994 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1973 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1793 Replacement | 34,000.00 |
| Streets | 3113 | Vehicle 1712 (1-ton Dump, Plow, and Spreader) | 55,000.00 |
| Streets | 3113 | Vehicle 1718 (1-ton Dump, Plow, and Spreader) | 55,000.00 |
| Streets | 3113 | Vehicle 1809 (1-ton Dump, Plow, and Spreader) | 82,000.00 |
| Streets | 3113 | Vehicle 1803 (1-ton Dump, Plow, and Spreader) | 82,000.00 |
| Total Motor Vehicle Replacement | | | 571,000.00 |
| Communications | | | |
| Communications | 3131 | Light Meter Source | 11,500.00 |
| Communications | 3221 | Substation 8 to Substation 2 Fiber Connection | 68,320.00 |
| Communications | 3221 | Communications for Electric Scada | 27,200.00 |

Fiscal Year 2006/2007

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> (See Key) | <u>Capital Item</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------------|---------------|
| Total Communications | | | 107,020.00 |
| Total Fiscal Year 2006/2007 | | | 26,467,889.00 |

1. Human Machine Interface
2. Intelligent Electronic Device

Fiscal Year 2007/2008

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> (See Key) | <u>Capital Item</u> | <u>Amount</u> |
|---|-----------------------------|---|-------------------|
| Corporate Fund | | | |
| Central Support Services | | | |
| Information Systems | 3137 | Scanner Replacement | 12,000.00 |
| Information Systems | 3137 | Replace/upgrade Network Servers | 13,000.00 |
| Information Systems | 3137 | Switch Replacement Program | 11,000.00 |
| Information Systems | 3137 | I-series for DR | 20,000.00 |
| Sub-total Central Support Services | | | 56,000.00 |
| Police Services | | | |
| Police Services | 3199 | 54 Motorola Radios (18/year for 3 years) | 36,000.00 |
| Police Services | 3199 | Construction of Firearms Range | 76,120.00 |
| Police Services | 3199 | In-squad Digital Recording | 55,217.00 |
| Sub-total Police Services | | | 167,337.00 |
| Fire Services | | | |
| Fire Services | 3199 | Sirens at Little Woods - Woods of Fox Glen | 19,570.00 |
| Fire Services | 3112 | Safety House Trailer Improvements | 25,000.00 |
| Fire Services | 3131 | Fire Hose and Fittings Replacement | 15,000.00 |
| Fire Services | 3131 | Portable Generator(s) Replacement | 12,000.00 |
| Fire Services | 3135 | Office Furnishings Replacement | 15,000.00 |
| Fire Services | 3199 | Technical Rescue Supplies and Materials | 24,000.00 |
| Fire Services | 3199 | Radio Equipment Replacement | 18,000.00 |
| Sub-total Fire Services | | | 128,570.00 |
| Public Works | | | |
| Streets | 3131 | Vermeer Brush Chipper | 40,000.00 |
| Streets | 3131 | Bobcat Skidsteer | 35,000.00 |
| Streets | 3131 | Bobcat Skidsteer | 35,000.00 |
| Sub-total Public Works | | | 110,000.00 |
| Engineering | | | |
| Engineering | 3108 | Concrete Program | 210,000.00 |
| Engineering | 3108 | Culvert Maintenance Program | 85,000.00 |
| Engineering | 3108 | IL Routes 64 - 59 to Kautz | 50,000.00 |
| Engineering | 3108 | Randall Road From IL Route 38 to IL Route 64 | 350,000.00 |
| Engineering | 3108 | Oak /Indiana, 4th-5th Storm Sewer Replacement | 150,000.00 |
| Engineering | 3108 | Randall Road and Intersection C | 400,000.00 |
| Engineering | 3108 | 1st Avenue Reconstruction | 100,000.00 |
| Engineering | 3125 | Concrete Program Engineering | 43,000.00 |
| Engineering | 3125 | Annual Resurfacing Program | 16,000.00 |
| Engineering | 3125 | Dean Street Engineering | 70,000.00 |

Fiscal Year 2007/2008

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|------------------------------|----------------|--|---------------------|
| | (See Key) | | |
| Engineering | 3125 | Culvert Maintenance Program Engineering | 19,550.00 |
| Engineering | 3125 | IL Route 64 Bi-directional Turn Lane - Eng. | 20,000.00 |
| Engineering | 3125 | IL Route 64 at Oak Street - Engineering | 90,000.00 |
| Engineering | 3125 | 1st Avenue Reconstruction - Construction Eng. | 10,000.00 |
| Engineering | 3125 | Municipal Ctr. River Wall, Fountains, Plaza - Eng. | 25,000.00 |
| Sub-total Engineering | | | 1,638,550.00 |

| | | | |
|-----------------------------|--|--|---------------------|
| Total Corporate Fund | | | 2,100,457.00 |
|-----------------------------|--|--|---------------------|

Electric Fund

| | | | |
|-------------------------------|------|--|------------|
| Transmission and Distribution | 3108 | Substation 8 Landscaping | 20,000.00 |
| Transmission and Distribution | 3113 | Vehicle 1827 Replacement (Digger Line Truck) | 125,000.00 |
| Transmission and Distribution | 3113 | Vehicle 1851 Replacement (F450 1-ton Dump) | 45,600.00 |
| Transmission and Distribution | 3113 | Vehicle 1707 Replacement (F450 Aerial Bucket) | 123,900.00 |
| Transmission and Distribution | 3113 | Vehicle 1977 Replacement (LT8000 Derrick) | 189,500.00 |
| Transmission and Distribution | 3113 | Vehicle 1839 Replacement (Pick-up) | 31,000.00 |
| Transmission and Distribution | 3205 | Scada | 25,000.00 |
| Transmission and Distribution | 3205 | Scada for Communications | 15,000.00 |
| Transmission and Distribution | 3205 | Local HMI and IED Interface | 25,000.00 |
| Transmission and Distribution | 3205 | Local HMI and IED Interface | 25,000.00 |
| Transmission and Distribution | 3205 | Substation 9 Construction | 200,000.00 |
| Transmission and Distribution | 3205 | Substation 9 Site Work | 250,000.00 |
| Transmission and Distribution | 3205 | Substation 9 Equipment | 850,000.00 |
| Transmission and Distribution | 3207 | Substation 9 Underground to Comed on Kirk Rd. | 500,000.00 |
| Transmission and Distribution | 3208 | Undrgrd Contrtr. Unscheduled Replacement | 50,000.00 |
| Transmission and Distribution | 3208 | Misc. Other Developments | 500,000.00 |
| Transmission and Distribution | 3208 | Reserves of St. Charles - #0303071 | 60,000.00 |
| Transmission and Distribution | 3208 | Petkis Property | 160,000.00 |
| Transmission and Distribution | 3208 | First Street Infrastructure - Non-reimbursable | 156,000.00 |
| Transmission and Distribution | 3208 | Cardinal | 150,000.00 |
| Transmission and Distribution | 3208 | Hahn Property - Two Car Dealers | 35,000.00 |
| Transmission and Distribution | 3208 | Seigels Re-development | 16,000.00 |
| Transmission and Distribution | 3208 | JRD - Dean Street West of Township | 16,000.00 |
| Transmission and Distribution | 3208 | River Crossing to Tie 224 and 314 | 265,000.00 |
| Transmission and Distribution | 3208 | Correct Out-of-phase Normal Opens | 20,000.00 |
| Transmission and Distribution | 3208 | First Street Reimbursable Section of Project | 100,000.00 |
| Transmission and Distribution | 3231 | Conductor and Devices - Major Repairs | 185,657.00 |
| Transmission and Distribution | 3231 | Elliot Switchgear Replacements | 51,500.00 |
| Transmission and Distribution | 3236 | Overhead Conductors and Devices | 30,000.00 |
| Transmission and Distribution | 3242 | Services/upgrades | 34,814.00 |
| Transmission and Distribution | 3252 | Street Lighting - Planned Projects | 20,000.00 |

Fiscal Year 2007/2008

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|---------------------------------|----------------|--|---------------------|
| | (See Key) | | |
| Transmission and Distribution | 3252 | Street Lighting - Deteriorated | 20,000.00 |
| Electric Meter | 3113 | Vehicle 1823 Replacement (Aerial Bucket Truck) | 126,000.00 |
| Total Electric Fund | | | 4,420,971.00 |
| Water Fund | | | |
| Water Distribution | 3108 | Reserves - Fox River Crossing | 1,465,000.00 |
| Water Distribution | 3415 | Valve Replacement Program | 18,500.00 |
| Water Distribution | 3488 | Hydrant Replacement Program | 25,500.00 |
| Supply, Pumping, and Storage | 3419 | Provide Emergency Backup Power to Well 8 | 50,000.00 |
| Total Water Fund | | | 1,559,000.00 |
| Wastewater Fund | | | |
| Collection | 3113 | Vehicle 1838 (Ford F350) | 45,000.00 |
| Collection | 3113 | Vehicle 1876 Replacement (1-ton Utility) | 55,000.00 |
| Collection | 3113 | Vehicle 1837 (1-ton Dump Truck) | 55,000.00 |
| Eastside Treatment Plant | 3113 | Vehicle 1744 Replacement (1-ton Utility) | 50,000.00 |
| Eastside Treatment Plant | 3131 | Replace East Sludge Thickener Transfer Pump | 10,000.00 |
| Eastside Treatment Plant | 3131 | Country Club LS Generator Replacement | 20,000.00 |
| Total Wastewater Fund | | | 235,000.00 |
| Tri City Ambulance | | | |
| Tri City Ambulance | 3199 | Capital Items Approved by Board | 20,000.00 |
| Total Tri City Ambulance | | | 20,000.00 |
| Motor Fuel Tax | | | |
| Motor Fuel Tax | 3108 | Annual Resurfacing Program | 1,110,500.00 |
| Total Motor Fuel Tax | | | 1,110,500.00 |
| Capital Project Funds | | | |
| Fire Station 1 | | | |
| Fire Station 1 | 3105 | Construction/Remodeling for Fire Station 1 | 500,000.00 |
| Fire Station 1 | 3135 | Furnishings for Fire Station 1 | 109,000.00 |
| Sub-total Fire Station 1 | | | 609,000.00 |
| First Street Property | | | |
| First Street Property | 3105 | Parking Garage Building 4 | 5,710,003.00 |
| First Street Property | 3105 | Parking Garage Building 2 | 855,000.00 |
| First Street Property | 3108 | Streetscape - Building 7 | 166,666.00 |
| First Street Property | 3108 | Streetscape - Public Roadway | 62,500.00 |
| First Street Property | 3108 | Pavement Rehabilitation | 162,383.00 |

Fiscal Year 2007/2008

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|--|----------------|---|----------------------|
| | (See Key) | | |
| First Street Property | 3108 | River Walk Plaza Improvements | 1,500,000.00 |
| First Street Property | 3108 | Widen IL 31 @ Indiana/Blue Goose | 300,000.00 |
| First Street Property | 3108 | Flood Plain Storage - Riverside Park | 15,000.00 |
| First Street Property | 3108 | Contingency - Constructn.of Public Improvements | 530,000.00 |
| First Street Property | 3108 | Storm Water Fee in Lieu | 85,000.00 |
| First Street Property | 3125 | Construction Observation of Public Improvements | 66,400.00 |
| Total First Street Property | | | 9,452,952.00 |
| Total Capital Projects Funds | | | 10,061,952.00 |
| Motor Vehicle Replacement | | | |
| Police Services | 3113 | Vehicle 1958 Replacement | 40,000.00 |
| Police Services | 3113 | Vehicle 1957 Replacement | 40,000.00 |
| Fire Services | 3113 | Vehicle 1812 Replacement (Brush Truck) | 63,815.00 |
| Streets | 3113 | Vehicle 1794 (3/4-ton Pickup, Plow) | 39,000.00 |
| Streets | 3113 | Vehicle 1927 (3-ton Dump) | 90,000.00 |
| Streets | 3113 | Vehicle 1926 (3-ton Dump) | 90,000.00 |
| Streets | 3113 | Vehicle 1835 (Utility Truck) | 50,000.00 |
| Streets | 3113 | Vehicle 1986 (Endloader) | 150,000.00 |
| Streets | 3113 | Vehicle 1833 (1-ton Dump) | 52,000.00 |
| Streets | 3113 | Vehicle 1932 (2001 6-wheel Dump) | 110,000.00 |
| Buildings and Grounds | 3113 | Vehicle 1813 Replacement (3/4-ton Pickup) | 29,000.00 |
| Building and Zoning | 3113 | Vehicle 1775 Replacement (1997 Jeep) | 27,000.00 |
| Total Motor Vehicle Replacement | | | 780,815.00 |
| Communications | | | |
| Communications | 3221 | Prairie Street Substation to 10th Street Tower | 21,500.00 |
| Communications | 3221 | Substation 9 to Dukane Drive Substation | 10,500.00 |
| Total Communications | | | 32,000.00 |
| Total Fiscal Year 2007/2008 | | | 20,320,695.00 |

Fiscal Year 2008/2009

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|---|----------------|---|-------------------|
| (See Key) | | | |
| Corporate Fund | | | |
| Central Support Services | | | |
| Information Systems | 3137 | GIS hardware | 25,000.00 |
| Information Systems | 3137 | Disaster Recovery Hardware for Network | 35,000.00 |
| Sub-total Central Support Services | | | 60,000.00 |
| Police Services | | | |
| Police Services | 3135 | Replace Main Copy Machine in Records | 30,000.00 |
| Police Services | 3199 | Replacement of Current K-9 Lars | 11,000.00 |
| Police Services | 3199 | Construction of Firearms Range | 37,500.00 |
| Police Services | 3199 | In-squad Digital Recording | 37,843.00 |
| Sub-total Police Services | | | 116,343.00 |
| Fire Services | | | |
| Fire Services | 3131 | ALS Life Packs | 22,000.00 |
| Fire Services | 3199 | Emergency Advisory Radio | 24,000.00 |
| Fire Services | 3112 | Technical Rescue Team Trailer Replacement | 10,000.00 |
| Fire Services | 3131 | Fire Hose and Fittings | 18,000.00 |
| Fire Services | 3131 | Rescue and Safety Equipment | 12,800.00 |
| Fire Services | 3131 | Scba Replacements | 18,500.00 |
| Fire Services | 3131 | Thermal Imaging Camera | 14,500.00 |
| Fire Services | 3199 | Radio Equipment Replacement | 22,600.00 |
| Fire Services | 3199 | Monitoring Equipment | 12,000.00 |
| Sub-total Fire Services | | | 154,400.00 |
| Engineering | | | |
| Administration | 3135 | Xerox 3040 Blueprint Machine Replacement | 10,000.00 |
| Engineering | 3108 | Concrete Program | 220,000.00 |
| Engineering | 3108 | Dean Street Improvements | 500,000.00 |
| Engineering | 3108 | Culvert Maintenance Program | 85,000.00 |
| Engineering | 3108 | City Hall Parking Lot Construction | 502,210.00 |
| Engineering | 3108 | 1st Avenue Streetscape Package | 250,000.00 |
| Engineering | 3108 | Streetscape for Century Corners | 377,823.00 |
| Engineering | 3108 | Jean Connors Plaza | 60,000.00 |
| Engineering | 3125 | Concrete Program Engineering | 44,000.00 |
| Engineering | 3125 | Annual Resurfacing Program | 17,000.00 |
| Engineering | 3125 | Culvert Maintenance Program Engineering | 19,550.00 |
| Engineering | 3125 | City Hall Lot J - Fire Station Remodel | 50,000.00 |
| Engineering | 3125 | City Hall Parking Lot Ammenities Package | 31,382.00 |
| Engineering | 3252 | IL Route 64 and Peck Traffic Signal | 117,000.00 |

Fiscal Year 2008/2009

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|------------------------------|----------------|---|---------------------|
| Engineering | (See Key) | | |
| | 3108 | Municipal River Wall, Fountains, Plaza - Const. | 100,000.00 |
| Sub-total Engineering | | | 2,383,965.00 |
| Total Corporate | | | 2,714,708.00 |

Electric Fund

| | | | |
|-------------------------------|------|--|---------------------|
| Transmission and Distribution | 3108 | Substation 8 Landscaping | 20,000.00 |
| Transmission and Distribution | 3113 | Vehicle 1991 (Aerial Bucket) | 151,000.00 |
| Transmission and Distribution | 3113 | Vehicle 1756 Replacement (IHC4900 4x2) | 85,000.00 |
| Transmission and Distribution | 3131 | Vehicle 1915 Replacement (Trencher) | 83,520.00 |
| Transmission and Distribution | 3205 | Split Cable Circuits | 250,000.00 |
| Transmission and Distribution | 3205 | Local HMI ¹ & IED ² (Substation 8) | 25,000.00 |
| Transmission and Distribution | 3205 | Surveillance Monitoring | 10,000.00 |
| Transmission and Distribution | 3205 | Substation 9 Construction | 1,000,000.00 |
| Transmission and Distribution | 3205 | Substation 9 Site Work | 250,000.00 |
| Transmission and Distribution | 3205 | Substation 9 - 12 kv Circuits | 100,000.00 |
| Transmission and Distribution | 3205 | Substation 9 Equipment | 350,000.00 |
| Transmission and Distribution | 3207 | Substation 3 to 9 - 35kv Tie Line | 250,000.00 |
| Transmission and Distribution | 3208 | Undrgrd Contrtr. Unscheduled Replacement | 50,000.00 |
| Transmission and Distribution | 3208 | Other Developments - Reimbursable | 500,000.00 |
| Transmission and Distribution | 3208 | Cable Replacement Program | 400,000.00 |
| Transmission and Distribution | 3208 | Correct Out-of-phase Normal Opens | 20,000.00 |
| Transmission and Distribution | 3231 | Conductor and Devices - Major Repairs | 191,227.00 |
| Transmission and Distribution | 3231 | Elliot Switchgear Replacements | 53,045.00 |
| Transmission and Distribution | 3236 | Overhead Conductors and Devices | 20,000.00 |
| Transmission and Distribution | 3242 | Services/upgrades | 35,858.00 |
| Transmission and Distribution | 3252 | Street Lighting - Planned Projects | 20,000.00 |
| Transmission and Distribution | 3252 | Street Lighting - Deteriorated | 20,000.00 |
| Total Electric Fund | | | 3,884,650.00 |

Water Fund

| | | | |
|-------------------------|------|--|-------------------|
| Water Distribution | 3108 | Riverside Loop | 144,000.00 |
| Water Distribution | 3125 | IL Rte. 64/7th Ave. to Dunham Main Replacement | 38,000.00 |
| Water Distribution | 3113 | Vehicle 1791 Replacement (Backhoe) | 90,000.00 |
| Water Distribution | 3415 | Valve Replacement Program | 19,000.00 |
| Water Distribution | 3468 | Pressure Reduce/sustain Valve with Telemetry. | 12,000.00 |
| Water Distribution | 3488 | Hydrant Replacement Program | 26,000.00 |
| Total Water Fund | | | 329,000.00 |

Wastewater Fund

Fiscal Year 2008/2009

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|--|----------------|---|---------------------|
| | (See Key) | | |
| Collection | 3125 | IL Route 64/7th Avenue to Dunham | 30,000.00 |
| Collection | 3113 | Vehicle 1988 Replacement (Utility Truck) | 55,000.00 |
| Collection | 3113 | Vehicle 1895 Replacement (1-ton Dump) | 55,000.00 |
| Eastside Treatment Plant | 3113 | Vehicle 1708 Replacement (IHC4900) | 60,000.00 |
| Total Wastewater Fund | | | 200,000.00 |
| Tri City Ambulance | | | |
| Tri City Ambulance | 3199 | Capital Items Approved by Board | 20,000.00 |
| Total Tri City Ambulance | | | 20,000.00 |
| Motor Fuel Tax | | | |
| Motor Fuel Tax | 3108 | Annual resurfacing - annual hso | 660,500.00 |
| Total Motor Fuel Tax | | | 660,500.00 |
| Capital Project Funds | | | |
| First Street Property | | | |
| First Street Property | 3108 | River Walk Plaza Improvements | 2,733,065.00 |
| First Street Property | 3108 | Building 2B & C - Public Site Work | 500,000.00 |
| First Street Property | 3108 | Streetscape - Building 7 | 166,666.00 |
| First Street Property | 3108 | Streetscape - Public Roadway | 62,500.00 |
| First Street Property | 3108 | Pavement Rehabilitation | 162,383.00 |
| First Street Property | 3108 | Building 7 Surface Parking | 160,000.00 |
| First Street Property | 3108 | Flood Plain Storage - Riverside Park | 15,000.00 |
| First Street Property | 3108 | Contingency - Constructn.of Public Improvements | 353,578.00 |
| First Street Property | 3108 | Storm Water Fee in Lieu | 85,000.00 |
| First Street Property | 3125 | Construction Observation of Public Improvements | 66,400.00 |
| First Street Property | 3208 | Street Lighting | 170,200.00 |
| First Street Property | 3252 | Traffic Signal - Illinois Street and First Street | 150,000.00 |
| First Street Property | 3252 | Traffic Signal - IL Route 64 and First Street | 150,000.00 |
| Sub-total First Street Property | | | 4,774,792.00 |
| Total Capital Project Funds | | | 4,774,792.00 |
| Motor Vehicle Replacement | | | |
| Police Services | 3113 | Vehicle 1866 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1820 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1907 Replacement | 30,000.00 |
| Police Services | 3113 | Vehicle 1781 Replacement | 34,000.00 |
| Police Services | 3113 | Vehicle 1789 Replacement | 34,000.00 |
| Police Services | 3113 | Vehicle 1963 Replacement | 34,000.00 |

Fiscal Year 2008/2009

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> | <u>Capital Item</u> | <u>Amount</u> |
|------------------------------------|----------------|--|----------------------|
| | (See Key) | | |
| Police Services | 3113 | Vehicle 1972 Replacement | 34,000.00 |
| Police Services | 3113 | Vehicle 1974 Replacement | 34,000.00 |
| Fire Services | 3113 | Vehicle 1777 Replacement (Engine 106) | 424,110.00 |
| Fire Services | 3113 | Vehicle 1841 Replacement (Brush Truck) | 67,005.00 |
| Fire Services | 3113 | Vehicle 1952 Replacement (Command 112) | 48,620.00 |
| Fire Services | 3113 | Vehicle 1995 Replacement (Command 113) | 48,620.00 |
| Streets | 3113 | Vehicle 1901 (3-ton Dump IHC4900) | 92,000.00 |
| Streets | 3113 | Vehicle 1903 (3-ton IHC4900 Dump) | 92,000.00 |
| Streets | 3113 | Vehicle 1904 (6-wheel Dump IHC4900) | 92,000.00 |
| Streets | 3113 | Vehicle 1912 (6-wheel Dump IHC4900) | 110,000.00 |
| Streets | 3113 | Vehicle 1918 (1-ton Dump F450) | 62,000.00 |
| Building and Zoning | 3113 | Vehicle 1773 Replacement (Ford Explorer) | 31,000.00 |
| Engineering | 3113 | Vehicle 1909 Replacement (F250) | 20,000.00 |
| Total Motor Replacement | | | 1,353,355.00 |
| Total Fiscal Year 2008/2009 | | | 13,937,005.00 |

1. Human Machine Interface
2. Intelligent Electronic Device

Fiscal Year 2009/2010

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> (see key) | <u>Capital Item</u> | <u>Amount</u> |
|---|-----------------------------|--|---------------------|
| Corporate Fund | | | |
| Central Support Services | | | |
| Information Systems | 3137 | I-series Upgrades | 80,000.00 |
| Sub-total Central Support Services | | | 80,000.00 |
| Police Services | | | |
| Police Services | 3199 | Evidence Lockers with Refrigerated Unit | 15,000.00 |
| Police Services | 3199 | In-squad Digital Recording | 31,565.00 |
| Sub-total Police Services | | | 46,565.00 |
| Fire Services | | | |
| Fire Services | 3199 | 2-way Digital Siren Controller | 33,218.00 |
| Fire Services | 3199 | Replacement of Siren at Old City Hall | 20,750.00 |
| Fire Services | 3105 | Fire Station 4 Construction | 5,000,000.00 |
| Fire Services | 3131 | Hose Replacement | 21,000.00 |
| Fire Services | 3131 | Hurst Rescue Equipment | 14,500.00 |
| Fire Services | 3199 | Radio Replacement | 21,000.00 |
| Sub-total Fire Services | | | 5,110,468.00 |
| Engineering | | | |
| Engineering | 3108 | Concrete Program | 230,000.00 |
| Engineering | 3108 | Re-decking Illinois Street Bridge | 834,000.00 |
| Engineering | 3108 | Culvert Maintenance | 85,000.00 |
| Engineering | 3108 | IL Route 64 - 59 to Kautz | 922,000.00 |
| Engineering | 3108 | IL Route 64 Bi-directional Turn Lane | 75,000.00 |
| Engineering | 3108 | IL Route 64 at Oak Street | 1,141,474.00 |
| Engineering | 3125 | Concrete Program Engineering | 45,000.00 |
| Engineering | 3125 | Annual Resurfacing Program | 18,000.00 |
| Engineering | 3125 | Re-decking Illinois Street Bridge | 162,000.00 |
| Engineering | 3125 | Culvert Maintenance Engineering | 19,550.00 |
| Engineering | 3125 | IL Route 64 - 59 to Kautz - Engineering | 17,000.00 |
| Engineering | 3125 | IL Route 64 Bi-directional Turn Lane - Eng. | 11,250.00 |
| Engineering | 3125 | IL Route 64 at Oak Street - Engineering | 136,977.00 |
| Sub-total Engineering | | | 3,697,251.00 |
| Total Corporate Fund | | | 8,934,284.00 |
| Electric Fund | | | |
| Transmission and Distribution | 3108 | Substation 8 Landscaping | 20,000.00 |
| Transmission and Distribution | 3113 | Vehicle 1709 Replacement (Digger Line Truck) | 162,000.00 |
| Transmission and Distribution | 3113 | Vehicle 1910 Replacement (Chevy Impala) | 24,000.00 |

Fiscal Year 2009/2010

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> (see key) | <u>Capital Item</u> | <u>Amount</u> |
|-------------------------------|-----------------------------|--|---------------------|
| Transmission and Distribution | 3113 | Vehicle 1730 Replacement (F550) | 48,000.00 |
| Transmission and Distribution | 3131 | Vehicle 1914 Replacement (Trencher) | 84,000.00 |
| Transmission and Distribution | 3205 | Split Cable Circuits | 100,000.00 |
| Transmission and Distribution | 3205 | 12kv Main Breakers | 60,000.00 |
| Transmission and Distribution | 3207 | Substation 9 Feed Along Kautz Road | 500,000.00 |
| Transmission and Distribution | 3207 | Kautz Road Switchgear | 80,000.00 |
| Transmission and Distribution | 3208 | Undrgrd Contrtr. Unscheduled Replacement | 50,000.00 |
| Transmission and Distribution | 3208 | Other Developments | 500,000.00 |
| Transmission and Distribution | 3208 | Loop 713 to Royal Fox With 734 | 69,000.00 |
| Transmission and Distribution | 3208 | 311/515 Upgrade on South Tyler | 103,000.00 |
| Transmission and Distribution | 3231 | Conductor and Devices - Major R | 196,963.00 |
| Transmission and Distribution | 3231 | Elliot Switchgear Replacements | 54,636.00 |
| Transmission and Distribution | 3236 | Overhead Conductors and Devices | 20,000.00 |
| Transmission and Distribution | 3242 | Services/upgrades | 36,934.00 |
| Transmission and Distribution | 3252 | Street Lighting - Planned Projects | 20,000.00 |
| Transmission and Distribution | 3252 | Street Lighting - Deteriorated | 20,000.00 |
| Electric Meter | 3113 | Vehicle 1981 Replacement (Chevy G2500) | 35,840.00 |
| Total Electric Fund | | | 2,184,373.00 |
| Water Fund | | | |
| Water Distribution | 3108 | IL Rte. 64/7th Ave. to Dunham Main Replacement | 546,000.00 |
| Water Distribution | 3108 | Pheasant Run - IL Rte 64 Main Replacement | 320,620.00 |
| Water Distribution | 3108 | Dean and State Replacement | 78,000.00 |
| Water Distribution | 3108 | Delnor Woods - IL Route 25 loop | 56,000.00 |
| Water Distribution | 3125 | Pheasant Run - IL Rte 64 Main Replacement | 37,500.00 |
| Water Distribution | 3125 | IL Rte. 64/7th Ave. to Dunham Main Replacement | 48,000.00 |
| Water Distribution | 3125 | Red Gate Well Site | 10,000.00 |
| Water Distribution | 3113 | Vehicle 1836 Replacement | 65,000.00 |
| Water Distribution | 3415 | Valve Replacement Program | 19,500.00 |
| Water Distribution | 3488 | Hydrant Replacement Program | 26,500.00 |
| Total Water Fund | | | 1,207,120.00 |
| Wastewater Fund | | | |
| Collection | 3108 | IL Route 64 at 7th Avenue to Dunham | 30,000.00 |
| Collection | 3125 | IL Route 64 at 7th Avenue to Dunham | 400,000.00 |
| Collection | 3113 | Vehicle 1747 Replacement (Backhoe) | 75,000.00 |
| Collection | 3131 | Gehl Skidsteer | 40,000.00 |
| Collection | 3137 | Vehicle 1911 Replacement (Vactor) | 250,000.00 |
| Eastside Treatment Plant | 3113 | Vehicle 1808 Replacement | 60,000.00 |
| Total Wastewater Fund | | | 855,000.00 |

Fiscal Year 2009/2010

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> (see key) | <u>Capital Item</u> | <u>Amount</u> |
|--|-----------------------------|---|----------------------|
| Tri City Ambulance | | | |
| Tri City Ambulance | 3199 | Capital Items Approved by Board | 20,000.00 |
| Total Tri City Ambulance | | | 20,000.00 |
| Motor Fuel Tax | | | |
| Motor Fuel Tax | 3108 | IL Route 64 - 59 to Kautz | 638,200.00 |
| Motor Fuel Tax | 3108 | Annual Resurfacing - Annual HSO | 660,500.00 |
| Motor Fuel Tax | 3108 | IL Route 64 Bi-directional Turn Lane | 1,045,000.00 |
| Total Motor Fuel Tax | | | 2,343,700.00 |
| Capital Project Funds | | | |
| Red Gate Bridge | | | |
| Red Gate Bridge | 3105 | Construction | 27,273,000.00 |
| Sub-total Red Gate Bridge | | | 27,273,000.00 |
| First Street Property | | | |
| First Street Property | 3108 | Building 6 Surface Parking | 128,000.00 |
| First Street Property | 3108 | Streetscape - Building 7 | 166,668.00 |
| First Street Property | 3108 | Streetscape - Public Roadway | 125,000.00 |
| First Street Property | 3108 | Flood Plain Storage - Riverside Park | 15,000.00 |
| First Street Property | 3108 | Contingency - Constructn.of Public Improvements | 353,578.00 |
| First Street Property | 3108 | Pavement Rehabilitation | 162,384.00 |
| First Street Property | 3108 | Storm Water Fee in Lieu | 85,000.00 |
| First Street Property | 3125 | Construction Observation of Public Improvements | 66,504.00 |
| Sub-total First Street Property | | | 1,102,134.00 |
| Total Capital Project Funds | | | 28,375,134.00 |
| Motor Vehicle Replacement | | | |
| Police Services | 3113 | Vehicle 1745 Replacement | 42,000.00 |
| Police Services | 3113 | Vehicle 1764 Replacement | 42,000.00 |
| Police Services | 3113 | Vehicle 1766 Replacement | 33,000.00 |
| Police Services | 3113 | Vehicle 1971 Replacement | 32,000.00 |
| Police Services | 3113 | Vehicle 1967 Replacement | 35,000.00 |
| Streets | 3113 | Vehicle 1996 (6-wheel Dump IHC7400) | 112,000.00 |
| Street Cleaning | 3113 | Vehicle 1944 Replacement (Whirlwind Sweeper) | 200,000.00 |
| Building and Zoning | 3113 | Vehicle 1993 Replacement (Chevy S10) | 33,000.00 |
| Total Motor Vehicle Replacement | | | 529,000.00 |

Fiscal Year 2009/2010

Figures are as of April 24, 2006. Any adjustments will be reflected in the final book.

| <u>Department</u> | <u>Account</u> (see key) | <u>Capital Item</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------------|---------------|
| Total Fiscal Year 2009/2010 | | | 44,448,611.00 |

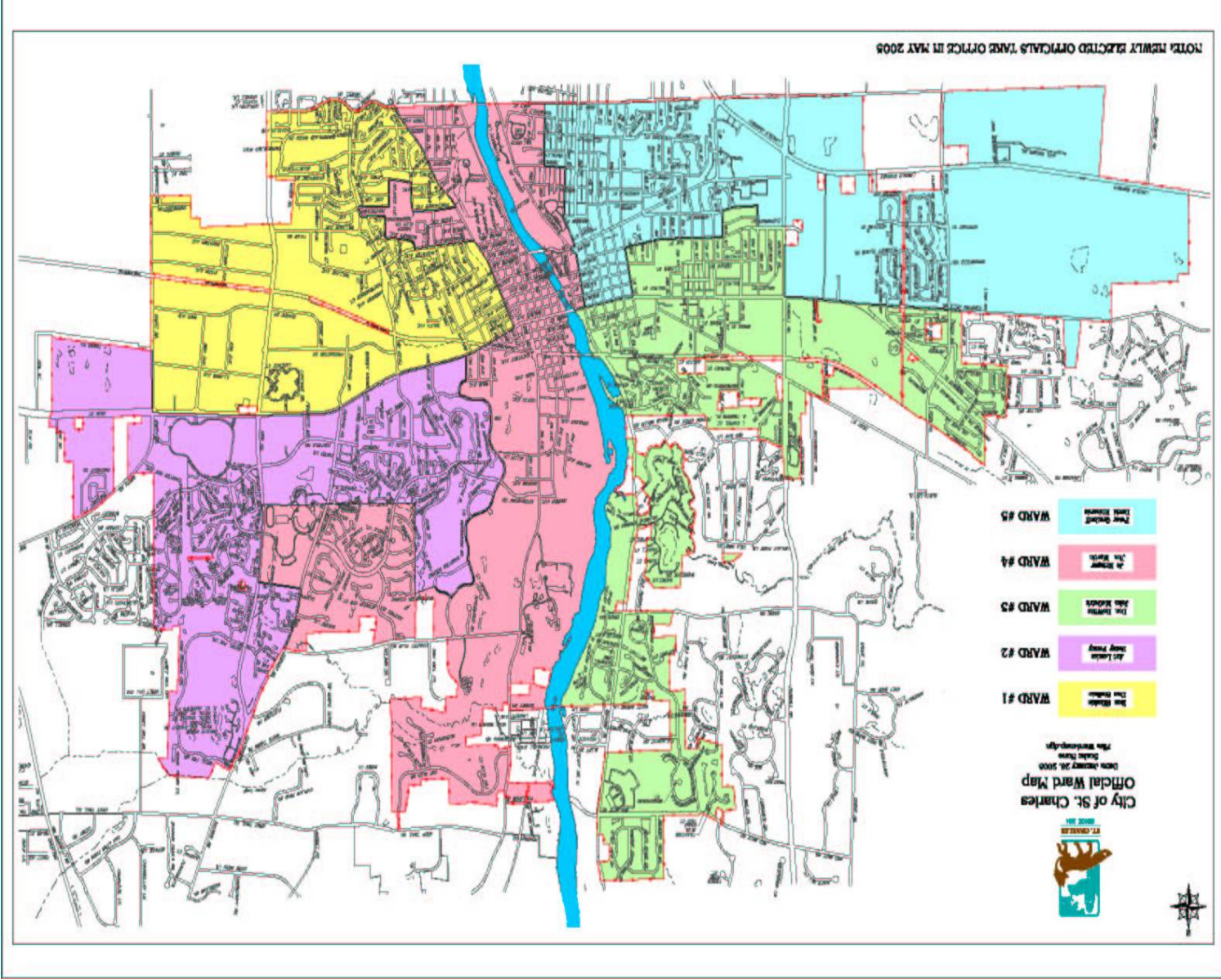
Appendix

| | |
|---------------------------------|--------------|
| <u>Employee Counts</u> | <u>IX-3</u> |
| <u>Overlapping Debt</u> | <u>IX-6</u> |
| <u>General Bonded Debt</u> | <u>IX-7</u> |
| <u>Assessed Valuation</u> | <u>IX-8</u> |
| <u>Typical Total Tax Rate</u> | <u>IX-9</u> |
| <u>Tax Rates and Extensions</u> | <u>IX-10</u> |
| <u>Budget Procedure</u> | <u>IX-11</u> |
| <u>Capital Procedure</u> | <u>IX-13</u> |

Schedule of Existing and Planned Debt

| <u>Fund</u> | <u>Original Principal</u> | <u>Term</u> | <u>Issue Date</u> | <u>FY06/07</u> | <u>FY07/08</u> | <u>FY08/09</u> | <u>FY09/10</u> |
|--|-------------------------------|-------------|-----------------------|------------------|------------------|------------------|-------------------|
| Darley Installment Contract | 112,500 | 3 | 2003 | 40,000 | - | - | - |
| Tri-Com Installment Contract | 238,210 | 7 | 2004 | 40,696 | 39,585 | 38,486 | 37,363 |
| Total Corporate | | | | 80,696 | 39,585 | 38,486 | 37,363 |
| 1997 G. O. Bond - Main St. Reconstruction | 5,000,000 | 15 | 1997 | 510,875 | 512,588 | 518,350 | 517,925 |
| 1998 G. O. Bond - Renovations and 1st Street | 3,427,000 | 15 | 1998 | 305,990 | 307,361 | 308,320 | 305,442 |
| 1999 G. O. Bond - Renovations and 1st Street | 2,600,000 | 15 | 1999 | 248,338 | 249,557 | 247,307 | 250,808 |
| 2000 G. O. Bond - 1st Street Business District Renovations, Dean St. Reconstruction | 10,000,000 | 15 | 2000 | 996,363 | 991,675 | 985,800 | 1,003,400 |
| 2002 G. O. Bond - Little Woods Property | 307,000 | 15 | 2002 | 27,018 | 27,118 | 26,886 | 26,958 |
| 2004 G. O. Bond - Century Station and Police Department Renovations | 6,375,000 | 20 | 2004 | 482,310 | 480,450 | 478,200 | 475,550 |
| 2005 G. O. Bond - Public Works Garage | 16,500,000 | 20 | 2005 | 962,133 | 1,301,500 | 1,304,625 | 1,306,875 |
| 2006 G. O. Bond - Fire Station #1/Fin. System | 4,022,281 | 20 | 2006 | - | 295,966 | 295,966 | 295,966 |
| 2009 G. O. Bond - Fire Station #4 | 5,000,000 | 20 | 2009 | - | - | - | - |
| Total Debt Service Funds* | | | | 3,533,027 | 4,166,215 | 4,165,454 | 4,182,924 |
| Hotel Baker TIF Project | 3,090,000 | 20 | 1997 | 276,930 | 288,015 | 292,705 | 310,093 |
| Foundry Reconstruction TIF Project | 4,200,000 | 20 | 1999 | 355,800 | 357,505 | 358,595 | 359,165 |
| St. Charles Mall TIF Project | 2,860,000 | 20 | 2002 | 233,868 | 234,028 | 233,910 | 233,570 |
| St. Charles Manufacturing TIF Project | 4,435,000 | 20 | 2003 | 348,500 | 347,950 | 347,250 | 346,400 |
| First Street Development TIF Project Phase I | 16,120,000 | 20 | 2006 | - | 620,000 | 1,186,138 | 1,186,138 |
| First Street Development TIF Project Phase II | 9,888,415 | 20 | 2007 | - | - | 380,324 | 727,607 |
| Total TIF Funds | | | | 1,215,098 | 1,847,498 | 2,798,922 | 3,162,973 |
| Anaerobic Digester | 4,850,000 | 20 | 1991 | 352,216 | 352,216 | 352,216 | 352,216 |
| Lab Building | 619,589 | 20 | 1992 | 45,200 | 45,200 | 45,200 | 45,200 |
| Westside Treatment Plant Phase 1&2 | 7,097,533 | 20 | 2000 | 467,079 | 467,079 | 467,079 | 467,079 |
| NPDES Compliance | 10,000,000 | 20 | 2004 | 758,412 | 651,074 | 651,074 | 651,074 |
| First Street Sewer | 2,117,500 | 20 | 2006 | - | 162,785 | 162,785 | 162,785 |
| Water 2006 G.O. Bond Issue | 1,782,277 | 20 | 2006 | - | 137,014 | 137,014 | 137,014 |
| Electric 1998 G. O. Bond Issue | 1,573,000 | 15 | 1998 | 140,451 | 141,080 | 141,519 | 140,199 |
| Electric 1999 G. O. Bond Issue | 1,700,000 | 15 | 1999 | 162,343 | 163,138 | 161,667 | 163,957 |
| Electric 2002 G. O. Bond Issue | 4,583,000 | 15 | 2002 | 403,202 | 404,702 | 401,234 | 402,312 |
| Electric 2007 G. O. Bond Issue | 4,349,776 | 20 | 2007 | - | - | 320,064 | 320,064 |
| Total Enterprise Funds | | | | 2,328,903 | 2,524,288 | 2,839,852 | 2,841,900 |
| Total Debt All Funds | | | | 7,157,724 | 8,577,586 | 9,842,714 | 10,225,160 |

*Debt service funded by transfers primarily from the General Corporate Fund.



Appendix

Full Time Equivalent Employees by Service Area

| | FY 04/05 | Projected FY 05/06 | Projected FY 06/07 |
|--|-------------|-----------------------|-----------------------|
| <u>General Administration</u> | | | |
| Receptionist | 1.0 | 1.1 | 1.1 |
| Office Assistant | 9.7 | 11.6 | 12.2 |
| Administrative Assistant | 4.6 | 4.2 | 4.0 |
| Inventory Control Courier | 0.1 | 0.0 | 0.0 |
| Storekeeper | 3.0 | 3.1 | 3.3 |
| Inventory Control Foreman | 1.0 | 1.0 | 1.0 |
| Purchasing Manager | 1.0 | 1.0 | 1.0 |
| Records Management Specialist | 1.0 | 1.0 | 1.0 |
| Accounts Representative | 2.0 | 2.0 | 2.0 |
| Utility Billing Collection Manager | 1.0 | 1.0 | 1.0 |
| Accounts Payable Clerk | 1.0 | 1.0 | 1.0 |
| Accounting Specialist | 1.0 | 1.0 | 1.0 |
| GIS Coordinator | 0.9 | 0.5 | 1.0 |
| GIS Technician | 0.4 | 1.0 | 1.0 |
| Accountant | 1.1 | 1.1 | 1.0 |
| Jr. Accountant | 1.1 | 1.0 | 1.0 |
| Accounting & Finance Manager | 1.2 | 1.2 | 1.0 |
| Payroll Analyst | 1.2 | 1.0 | 1.0 |
| Human Resources Generalist | 1.1 | 1.1 | 1.0 |
| Human Resources Director | 1.1 | 1.2 | 1.0 |
| Benefits Specialist | 1.4 | 1.1 | 1.0 |
| Data Processing Coordinator | 1.0 | 1.0 | 1.0 |
| Systems Analyst | 1.0 | 1.0 | 1.0 |
| Network Engineer | 1.0 | 1.0 | 1.0 |
| PC & Network Specialist | 2.0 | 2.0 | 2.0 |
| Programmer | 0.0 | 1.1 | 1.0 |
| Information Systems Director | 1.2 | 1.2 | 1.0 |
| Director of Finance | 1.1 | 1.2 | 1.0 |
| City Administrator | <u>1.1</u> | <u>1.7</u> | <u>1.0</u> |
| Total General Administration | 44.5 | 47.4 | 46.7 |
| <u>Public Health & Safety</u> | | | |
| Crossing Guard | 2.4 | 2.0 | 2.5 |
| Police Records Specialist | 2.0 | 2.4 | 2.0 |
| Administrative Assistant | 2.2 | 2.1 | 2.1 |
| Accreditation Manager | 1.0 | 1.0 | 1.0 |
| PIMS Specialist | 9.3 | 9.4 | 10.2 |
| Records Supervisor | 1.1 | 1.1 | 1.1 |
| Evidence Technician | 1.0 | 1.0 | 1.0 |
| Community Restitution Coordinator | 1.1 | 1.1 | 1.1 |
| Community Service Officer | 2.1 | 2.0 | 2.0 |
| Special Events ESDA/Safety Town | 2.0 | 2.7 | 2.8 |
| Police Officer | 43.2 | 49.6 | 49.4 |
| Police Sergeant | 11.0 | 9.6 | 9.7 |

Appendix

Full Time Equivalent Employees by Service Area

| | | | |
|---|--------------|--------------|--------------|
| Police Commander | 2.6 | 1.5 | 2.0 |
| Police Chief | 1.2 | 1.1 | 1.0 |
| Firefighter | 37.3 | 39.1 | 39.9 |
| Fire Lieutenant | 15.7 | 15.8 | 14.7 |
| Fire Captain | 3.2 | 3.6 | 3.2 |
| Assistant Fire Chief | 3.5 | 2.7 | 2.2 |
| Assistant Fire Chief Shift | 5.2 | 5.5 | 4.0 |
| Fire Chief | 1.0 | 1.0 | 1.0 |
| Office Assistant | 0.6 | 1.2 | 1.3 |
| Intern - CAD | 0.0 | 0.2 | 0.3 |
| Laborer | <u>2.2</u> | <u>2.6</u> | <u>2.4</u> |
| Total Public Health & Safety | 150.8 | 158.5 | 156.7 |

M & C of Public Right-of-Ways

| | | | |
|--|-------------|-------------|-------------|
| Office Assistant | 2.0 | 2.6 | 2.9 |
| Administrative Assistant | 2.5 | 2.5 | 2.5 |
| Bus Driver | 2.2 | 2.2 | 2.1 |
| Mapping Coordinator | 1.0 | 1.0 | 1.0 |
| Fleet Technician | 4.1 | 4.5 | 5.2 |
| Fleet Foreman | 1.2 | 1.2 | 1.0 |
| Civil Engineer | 2.1 | 2.1 | 2.0 |
| City Engineer | 1.2 | 1.2 | 1.0 |
| Engineering Coop | 1.3 | 1.9 | 1.3 |
| Project Coordinator - Engineering | 1.1 | 1.1 | 1.1 |
| Civil Inspect/Tech | 1.1 | 1.1 | 1.1 |
| Public Works Director | 1.2 | 1.3 | 1.0 |
| Public Services Superintendent | 1.1 | 1.1 | 1.0 |
| Laborer | 17.9 | 17.8 | 17.7 |
| Equipment Operator | 3.4 | 5.3 | 4.2 |
| Street Crew Leader | 3.3 | 4.4 | 3.6 |
| Street Foreman | 2.4 | 2.4 | 2.4 |
| Street Welder | 0.9 | 1.1 | 1.0 |
| Custodian | 1.3 | 1.4 | 1.1 |
| Buildings & Grounds Generalist | 2.1 | 2.0 | 2.2 |
| Maintenance Technician | 7.3 | 6.1 | 8.0 |
| Parts Runner | 0.0 | 0.4 | 0.5 |
| Buildings & Grounds Foreman | <u>1.1</u> | <u>1.1</u> | <u>1.1</u> |
| Total Maint. & Const. of Public Right of Ways | 61.7 | 65.6 | 65.1 |

M & C of Public Utilities

| | | | |
|--------------------------|-----|-----|-----|
| Office Assistant | 2.9 | 2.5 | 3.6 |
| Administrative Assistant | 1.6 | 1.7 | 1.7 |

Appendix

Full Time Equivalent Employees by Service Area

| | | | |
|---------------------------------------|------------|------------|------------|
| Meter Technician | 4.0 | 4.7 | 4.2 |
| Meter Tester | 2.0 | 2.1 | 2.4 |
| Communications Equipment Tester | 1.2 | 1.0 | 0.6 |
| Engineering Assistant | 1.0 | 1.0 | 1.0 |
| Electrical Engineer | 1.0 | 1.0 | 1.0 |
| Electric Project Manager | 2.0 | 2.0 | 2.0 |
| Apprentice Lineworker | 2.2 | 1.1 | 1.1 |
| Lineworker | 9.5 | 9.8 | 10.2 |
| Electric Crew Leader | 4.8 | 4.9 | 4.3 |
| Electric Foreman | 1.6 | 1.3 | 1.0 |
| Electric Superintendent | 1.0 | 1.0 | 1.0 |
| Water Operator | 6.7 | 6.7 | 6.8 |
| Water Crew Leader | 1.1 | 1.2 | 1.4 |
| Water Foreman | 1.3 | 1.2 | 1.1 |
| Laborer | 7.6 | 9.1 | 7.6 |
| Equipment Operator | 3.9 | 3.6 | 3.6 |
| Sewer Crew Leader | 2.3 | 2.4 | 1.8 |
| Sewer Foreman | 1.2 | 1.3 | 0.8 |
| Truck Driver | 1.0 | 0.6 | 1.0 |
| Laboratory Technician | 1.7 | 2.0 | 2.0 |
| Environmental Lab Foreman | 1.0 | 1.0 | 1.0 |
| Maintenance Operator/STP | 3.5 | 3.5 | 3.4 |
| Chief Operator STP | 1.3 | 1.2 | 1.1 |
| Environmental Services Superintendent | <u>1.1</u> | <u>1.1</u> | <u>1.0</u> |

Total Maint. & Const. of Public Utilities

| | | | |
|--|-------------|-------------|-------------|
| | 68.7 | 68.8 | 66.7 |
|--|-------------|-------------|-------------|

Community and Economic Development

| | | | |
|-----------------------------------|------------|------------|------------|
| Office Assistant | 3.3 | 3.0 | 3.4 |
| Administrative Assistant | 4.4 | 4.6 | 4.2 |
| Code Enforcement Officer | 1.0 | 1.0 | 1.0 |
| Building Inspector | 2.2 | 2.2 | 2.2 |
| Plumbing Inspector | 1.2 | 1.5 | 1.2 |
| Building & Zoning Commissioner | 1.1 | 1.1 | 1.0 |
| Community Planner | 1.7 | 1.7 | 1.9 |
| Economic Development Coordinator | 0.0 | 0.0 | 1.0 |
| Director of Economic Development | 0.9 | 0.0 | 0.3 |
| Director of Community Development | <u>1.1</u> | <u>1.2</u> | <u>1.0</u> |

Total Community & Economic Development

| | | | |
|--|-------------|-------------|-------------|
| | 16.9 | 16.2 | 17.2 |
|--|-------------|-------------|-------------|

Grand Total All Service Areas

| | | | |
|--|---------------------|---------------------|---------------------|
| | <u>342.5</u> | <u>356.5</u> | <u>352.4</u> |
|--|---------------------|---------------------|---------------------|

City of St. Charles, Illinois

Computation of Direct and Overlapping Debt

(Unaudited)

| <u>Issuing Body</u> | 2004 Assessed <u>Valuation</u> | Outstanding Debt as of <u>April 30, 2005</u> | Percentage Applicable to the City of St. Charles | |
|-----------------------------------|--------------------------------------|--|--|----------------------|
| | | | <u>Percent</u> | <u>Amount</u> |
| Kane County | \$11,091,831,468 | \$ - | 11.3920% | \$ - |
| Kane County Forest Preserve | 11,091,931,468 | 64,670,000 | 11.3920% | 7,080,072 |
| DuPage County | 32,392,076,686 | 52,990,000 | 0.098% | 55,110 |
| DuPage County Forest Preserve | 32,392,076,686 | 194,996,835 | 0.098% | 202,797 |
| St. Charles Park District | 1,946,352,846 | 8,460,000 | 64.498% | 5,401,541 |
| School District 303 | 2,557,828,239 | 164,705,000 | 49.588% | 80,204,747 |
| School District 509 | 9,858,029,120 | 57,816,879 | 12.880% | - |
| School District 304 | 1,054,586,684 | 119,700,856 | 0.215% | 82,585 |
| School District 516 | 7,017,262,845 | 39,683,641 | 0.033% | 11,508 |
| Total Overlapping Debt | | | | \$ 93,038,360 |
| City of St. Charles | 1,247,519,067 | 42,135,000 | 100.0000% | 42,135,000 |
| Total Direct and Overlapping Debt | | | | <u>\$135,173,360</u> |

Overview of Debt Capacity

| | |
|---|-----------------|
| Estimated true (market) valuation (2004) | \$3,746,303,505 |
| Equalized assessed value (2004) | 1,247,519,067 |
| Direct general obligation bonded debt | 42,135,000 |
| Percentage of equalized assessed value | 3.38 % |
| Per capita (population 32,826) | 1,283.59 |
| Overlapping general obligation bonded debt | 93,038,360 |
| Direct and overlapping general obligation bonded debt | 135,173,360 |
| Percentage of equalized assessed value | 10.84 % |
| Percentage of true (market) valuation | 3.61 % |
| Per capita (population 32,826) | 4,117.87 |

Data Sources: Overlapping Debt Schedule, Kane and DuPage County Assessment Reports,
Final Balance Sheet and U.S. Census (estimate)

City of St. Charles, Illinois

Ratio of General Bonded Debt to Assessed Value and

Net Bonded Debt Per Capita

Last Ten Fiscal Years

| <u>Levy</u> <u>Year</u> | <u>Fiscal</u> <u>Year</u> | <u>Population (1)</u> | <u>Assessed</u> <u>Value</u> | <u>General</u> <u>Obligation</u> <u>Bonded Debt</u> | <u>Ratio of General</u> <u>Bonded Debt to</u> <u>Assessed Value</u> | <u>Net Bonded</u> <u>Debt Per</u> <u>Capita</u> |
|----------------------------|------------------------------|-----------------------|---------------------------------|---|---|---|
| Ending April 30- | | | | | | |
| 1995 | 1996 | 25,988 | \$638,590,256 | \$ - | - | \$ - |
| 1996 | 1997 | 26,286 | 678,828,787 | - | - | - |
| 1997 | 1998 | 26,976 | 728,262,531 | 8,090,000 | 1.111% | 299.90 |
| 1998 | 1999 | 27,455 | 763,629,907 | 20,860,000 | 2.732% | 759.79 |
| 1999 | 2000 | 27,675 | 798,922,597 | 17,732,355 | 2.220% | 640.74 |
| 2000 | 2001 | 27,896 | 883,471,157 | 27,144,784 | 3.073% | 973.07 |
| 2001 | 2002 | 28,102 | 975,091,520 | 32,040,000 | 3.286% | 1,140.13 |
| 2002 | 2003 | 31,000 | 1,073,708,349 | 35,360,000 | 3.293% | 1,140.65 |
| 2003 | 2004 | 31,834 | 1,182,825,706 | 37,875,000 | 3.202% | 1,189.77 |
| 2004 | 2005 | 32,826 | 1,247,519,067 | 42,135,000 | 3.378% | 1,283.59 |

Data Sources: Final Balance Sheet, Kane County Assessment Report, and Census

(1) Amounts for the years 1992, 1994, 1996 and 2000 are derived from the Bureau of the Census data. All other amounts are estimated.

City of St. Charles, Illinois

Comparative Assessed Valuation

Last Ten Levy Years

(Unaudited)

| <u>Levy Year</u> | <u>Real Property</u> | | | | <u>Total Urban Property</u> | <u>Total Real Property</u> | <u>Railroad</u> | <u>Total Equalized Assessed Value</u> | <u>% of Increase</u> |
|----------------------|----------------------|--------------------|-------------------|-------------------|-------------------------------------|------------------------------------|-----------------|---|--------------------------|
| | <u>Rural</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | | | | | |
| 1995 | \$485,646 | \$427,970,512 | \$138,419,549 | \$71,652,830 | \$638,042,891 | \$638,528,537 | \$61,719 | \$638,590,256 | 6.0% |
| 1996 | 259,115 | 456,764,910 | 146,351,631 | 75,296,037 | 678,412,578 | 678,671,693 | 157,094 | 678,828,787 | 6.3% |
| 1997 | 349,253 | 489,358,782 | 156,307,886 | 82,107,042 | 727,773,710 | 728,122,963 | 139,568 | 728,262,531 | 7.3% |
| 1998 | 226,819 | 511,707,976 | 161,427,268 | 90,139,284 | 763,274,528 | 763,501,347 | 128,560 | 763,629,907 | 4.9% |
| 1999 | 203,587 | 533,345,454 | 174,563,894 | 90,684,368 | 798,593,716 | 798,797,303 | 125,294 | 798,922,597 | 4.6% |
| 2000 | 186,454 | 582,888,161 | 204,057,380 | 96,208,458 | 883,153,999 | 883,340,453 | 130,704 | 883,471,157 | 10.6% |
| 2001 | 181,634 | 654,428,390 | 221,015,883 | 99,328,931 | 974,773,204 | 974,954,838 | 136,682 | 975,091,520 | 10.4% |
| 2002 | 168,474 | 737,062,340 | 229,901,820 | 106,413,084 | 1,073,377,244 | 1,073,545,718 | 162,631 | 1,073,708,349 | 10.1% |
| 2003 | 54,407 | 824,930,416 | 250,380,336 | 107,284,531 | 1,182,595,283 | 1,182,649,690 | 176,016 | 1,182,825,706 | 21.3% |
| 2004 | 69,636 | 876,989,053 | 260,848,331 | 109,413,588 | 1,247,250,972 | 1,247,320,608 | 198,459 | 1,247,519,067 | 16.2% |

Data Sources: Kane County and DuPage County Assessment Reports

City of St. Charles, Illinois

Typical Total Tax Rate

(Per \$100 of Equalized Assessed Value)

Based on the 2004 Tax Levy Year

(Unaudited)

| | |
|-------------------------------------|----------------------|
| City of St. Charles | .7490 |
| Kane County | .3467 |
| Forest Preserve | .1432 |
| St. Charles Township | .1216 |
| St. Charles Cemetery | .0005 |
| St. Charles Park District | .4572 |
| St. Charles Library District | .2613 |
| Unit School District #303 | 4.2668 |
| Elgin Community Junior College #509 | <u>.4154</u> |
| | <u><u>6.7617</u></u> |

Data Source: Kane County Tax Rate Sheet

City of St. Charles, Illinois

Tax Rates and Tax Extensions (Excluding Special Service Areas)

Last Ten Tax Years

Comparative Tax Rates (Per \$100 Equalized Assessed Valuation) (1)

(Unaudited)

Comparative Tax Rates (1)

| <u>Fund</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> | <u>1995</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire Pension | .0487 | .0364 | .0375 | .0389 | .0427 | .0406 | .0330 | .0330 | .0453 | .0415 |
| Police Pension | .0781 | .0752 | .0742 | .0704 | .0671 | .0736 | .0681 | .0681 | .0783 | .0637 |
| IMRF | .0979 | .0879 | .0803 | .0769 | .0888 | .0843 | .0830 | .0830 | .0841 | .0897 |
| Police Protection | .1267 | .1393 | .1223 | .0923 | .0595 | .0712 | .0707 | .0707 | .0635 | .0534 |
| Fire Protection | .1267 | .1393 | .1223 | .0923 | .0595 | .0712 | .0707 | .0707 | .0635 | .0534 |
| Tri City Ambulance (3) | .0000 | .0000 | .0000 | .0000 | .0599 | .0408 | .0389 | .0389 | .0423 | .0498 |
| Street and Bridge | .1400 | .1224 | .1464 | .1214 | .0763 | .0896 | .0881 | .0936 | .0841 | .0492 |
| Corporate | .0931 | .1101 | .1259 | .0939 | .0493 | .0387 | .0000 | .0000 | .0000 | .0000 |
| Mental Health | .0400 | .0400 | .0400 | .0419 | .0395 | .0400 | .0400 | .0400 | .0401 | .0391 |
| Bonds & Interest | .0000 | .0000 | .0000 | .0980 | .0000 | .0000 | .0000 | .0000 | .0000 | .0000 |
| Total | .7512 | .7506 | .7489 | .7260 | .5426 | .5500 | .4925 | .4980 | .5012 | .4398 |
| Increase (decrease) from Prior Year | 0.1% | 0.2% | 3.2% | 33.8% | (1.3%) | 11.7% | (1.1%) | (0.6%) | 14.0% | (8.2%) |

Comparative Tax Extensions (1)

| <u>Fund</u> | <u>2004</u> | <u>2003</u> | <u>2002</u> | <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> | <u>1995</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire Pension | \$ 606,808 | \$ 419,814 | \$ 392,659 | \$ 369,792 | \$ 368,301 | \$ 318,188 | \$ 248,548 | \$ 251,833 | \$ 329,939 | \$ 281,746 |
| Police Pension | 974,490 | 867,308 | 776,941 | 669,237 | 578,759 | 576,514 | 512,913 | 519,701 | 570,302 | 432,462 |
| IMRF | 1,221,253 | 1,013,782 | 840,813 | 731,028 | 765,928 | 660,671 | 625,136 | 633,695 | 612,550 | 608,981 |
| Police Protection | 1,580,259 | 1,606,596 | 1,280,591 | 877,423 | 513,206 | 558,005 | 532,495 | 539,382 | 462,510 | 362,534 |
| Fire Protection | 1,580,259 | 1,606,596 | 1,280,591 | 877,423 | 513,206 | 558,005 | 532,495 | 539,382 | 462,510 | 362,534 |
| Tri City Ambulance (3) | - | - | - | - | 516,656 | 319,756 | 292,985 | 297,049 | 308,091 | 338,097 |
| Street and Bridge (2) | 1,842,170 | 1,411,683 | 1,532,940 | 1,154,054 | 658,112 | 702,208 | 663,548 | 722,843 | 610,729 | 334,024 |
| Corporate | 1,161,851 | 1,269,822 | 1,318,286 | 892,633 | 425,228 | 303,298 | - | - | - | - |
| Mental Health | 498,811 | 461,334 | 418,836 | 398,310 | 340,700 | 313,486 | 301,270 | 304,737 | 292,069 | 265,454 |
| Bonds & Interest | - | - | - | 931,609 | - | - | - | - | - | - |
| Total | 9,465,901 | 8,656,935 | \$7,841,657 | \$6,901,509 | \$4,680,096 | \$4,310,131 | \$3,709,390 | \$3,808,622 | \$3,648,700 | \$2,985,832 |
| Increase (decrease) from Prior Year | 9.3% | 10.4% | 13.6% | 47.5% | 8.6% | 16.2% | (2.6%) | 4.4% | 22.2% | (2.4%) |

Data Sources: Kane County Levy Rate and Extension Report

(1) In some years, the tax rates in Kane County differ from the tax rates in DuPage County. In general, the differences are

Appendix

Budget Evaluation and Approval Procedure

Purpose

This procedure is an attempt to apply logical criteria to the evaluation of expenditure requests in order to allocate resources to those requests, which provide the "most good" for the City. There are many areas where the evaluation criteria can fail; however, the following procedure should ensure the process is conducted in a logical and efficient manner.

I. Applicability

This procedure shall be used to evaluate and establish priorities for all budget requests.

II. Flow of Work

A. Each department shall annually submit a four-year budget request to the Finance Department at a time stipulated by Finance. A monthly breakdown of the request shall be submitted for the first year, and an annual breakdown for each year thereafter.

B. The following is the approximate time table used to formulate the proposed budget.

| | |
|----------|---|
| November | Council establishes goals |
| December | Distribute instructions and work papers |
| February | Submit department requests to Finance |
| February | Meeting of department heads to discuss initial budget requests |
| March | Department heads meet with the Director of Finance and Administration and Mayor to "balance" budget |
| April | Publication of Notice of Public Hearing for Annual City Budget |
| April | Presentation of Proposed Budget to City Council |
| April | City Council approves final budget |

III. Prioritization of All Expenditure Requests

The following priority system will be used for all requests:

| | |
|-------------|--|
| Priority 1: | Emergency - Required expenditure as the result of some event that will eminently result in serious injury to someone. |
| Priority 2: | Legal Requirement - Required expenditure as the result of some legislative or court action, which, if ignored, will eminently result in legal action against the City. |
| Priority 3: | Maintain Present Service Levels - Expenditures necessary in order to continue to provide the same services at the same level of quality as in the past. |
| Priority 4: | Expanded Service - Expenditures that will expand services or the quality of existing services. |

Appendix

IV. Submittal to City Council

After the staff has balanced the budget, the proposed budget plan will be submitted to the City Council. The Council may change the proposed document in any manner they desire, as long as, the final document is within the City's ability to pay.

V. Revision of Budget

A separate procedure has been established for revising the budget. Refer to that procedure after the budget has been approved by Council.

VI. Changes to a Multi-year Budget

The City projects three years beyond the proposed year in order to have a better understanding of the financial problems it will face in the future. This projection is also used as a basis to formulate future budget plans. Once approved, a department's funding level for these future years cannot be changed unless:

1. Projected revenues are higher than an already approved level.
2. The request is an "extreme" emergency.
3. Another department does not anticipate spending its previously approved funding level.

VII. Maintenance of Existing Service Levels

Priority 3 requests are for those items necessary to maintain existing service levels. In order to properly maintain existing service needs, it is important to plan for the replacement of equipment prior to the time it exceeds its useful life. Since equipment deteriorates over a period of years, it is important to recognize this during the useful life of an asset so that funding will be available when replacement is needed. Otherwise, annual expenditures will be understated for each year that the replacement costs are not recognized and will be overstated in the year the asset is replaced.

In order to maintain a realistic operating expenditures level, the following procedure will be used:

1. Each year, a replacement amount will be budgeted by the Finance Department for replacement of Motor Vehicles.
2. The annual amount determined as necessary for replacement will be restricted for replacement in the appropriate proprietary and internal service funds.

Appendix

Capital Expenditure Request Forms

Purpose

Before the City expends any funds, the expenditure should be thoroughly evaluated against the benefit to be derived and the opportunities lost. In some cases, the cost/benefit relationship is obvious, while in other cases that relationship is not as clear. A formal analysis to derive a factual relationship between the cost and benefit may be impractical under a certain dollar amount. However, a large expenditure warrants the time to be certain that the investment is wise. The Capital Expenditure Request Form was designed to provide a summary of the cost/benefit analysis performed and the following procedure will provide instructions for completing this form.

I. Definitions

Capital Expenditure Item - Charges for the acquisition at the delivered price including transportation costs of equipment, land, buildings, or improvements of land or buildings, computers, communications equipment, fixtures, and other permanent improvements with a value in excess of \$500 are reported for insurance purposes only. Our threshold was raised to \$20,000 for financial reporting purpose and in accordance with our new infrastructure requirements as dictated by GASB34.

II. Applicability

This procedure is applicable to all departments.

III. Instructions for Completion of Forms

- A. Write the date in the space provided.
- B. Write a five (5) digit reference code. This number must be unique when a capital item is added. Revisions and deletions will use the reference number established when the item was originally added. This number will also be used on the purchase order for tracking purposes. The first two digits should be the cost center for the department and the remaining three digits are assigned at random by the department.
- C. Check the appropriate action designation (i.e. add item, revise, delete).
 - 1. Add -- This designation is used to add a completely new capital item or it may be necessary to use this designation if an item has been previously entered with an incorrect account number. The only way to change the account number assigned to a capital item is to delete the previous entry and add it as a new item.
 - 2. Revise -- This designation is used to revise any portion of a previously entered item, except the account number (see add above for account number change). A revision would be used to change the amount of the capital item or to change the year of the expenditure.
 - 3. Delete -- This designation is used to delete an entire capital item from the budget. Only enter the item number and the account number, then indicate it is a deletion.
- D. Indicate the account number, and, if appropriate, the project number. See the separate procedure for using project numbers.
- E. Enter the location code, building number, and room number. See the separate list of codes/numbers.

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- F. Describe the expenditure request. Include model number, make, and any other pertinent information. Vehicles being charged to Fund 801, Motor Vehicle Replacement, must include the number of the vehicle that is being replaced.
- G. Provide a justification for the expenditure. Indicate the tangible and intangible benefits to be realized if the request is approved; also, indicate the tangible dollar benefits were calculated.
- H. Check the appropriate reasons for the purchase. Check the most important reason only.
- I. Estimated Cost - Indicate all the applicable costs that will be incurred if the request is approved. Purchase cost will include one-time costs for services. Fringe benefits are calculated at fifty percent of personnel costs. This larger than normal percentage will also account of non-productive time (i.e. vacation and holidays) and support costs such as training. Also, indicate how the costs were calculated.
- J. Indicate the appropriate fiscal year in the space provided.
- K. Frequency of Use - Indicate the frequency of use.
- L. The originator and his/her department head should sign the form.

| MAJOR EXPENDITURE REQUEST FORM | | | | | | DATE: _____ |
|--|------------------------------|----------------------------------|--|---------------------------|--|-------------|
| Add Item: <input type="checkbox"/> | | Delete: <input type="checkbox"/> | | REF # _____ | | |
| Fund <input type="text"/> | Srv Ctr <input type="text"/> | Rsp Ctr <input type="text"/> | Cst Ctr <input type="text"/> | Acct <input type="text"/> | Sub -Type <input type="text"/> Proj <input type="text"/> | |
| Location # _____ Building # _____ Room # _____ | | | | | | |
| Description of Expenditure: _____ _____ | | | | | | |
| <p style="text-align: center; margin-top: 10px;">Justification (attach worksheet if necessary)</p> | | | | | | |
| Purpose of Request (Choose most important one only): Pay back period Less than 5 years <input type="checkbox"/> Emergency <input type="checkbox"/> Increased Safety <input type="checkbox"/> Legal Requirements <input type="checkbox"/> Replacement <input type="checkbox"/> Expanded Service <input type="checkbox"/> Significant operational improvement Other: _____ | | | | | | |
| Estimated Cost One time cost: Purchase price _____ Add: Installation cost _____ Less: Trade-in _____ Net one-time costs _____ Recurring costs: Annual Rental _____ Personnel _____ Fringe Benefits (50% of personnel costs) _____ Supplies _____ Services _____ Other _____ Total Recurring Costs _____ | | | FY ____ / ____ FY ____ / ____ _____ _____ _____ FY ____ / ____ FY ____ / ____ _____ _____ _____ | | | |
| Estimated use of requested item Weeks per year: _____ Average hours per day: _____ Average days per week: _____ Estimated Useful Life: _____ | | | | | | |
| Disposition of Copies: _____ Submit While to Finance Retain Yellow | | | | | | |
| Originator: _____ Department Head: _____ | | | | | | |

*ALL REVISIONS SHOULD BE MADE SHOWING NEW TOTALS (Not Net Change)
 ** TO ATTAIN A PROJECT NUMBER SUBMIT A PROJECT REQUEST FORM.

Appendix

Capital Projects - Capital Improvements Plan

Purpose

This procedure defines the method used to develop a capital improvements plan (CIP). The purpose of a CIP is to provide a detailed presentation of all capital projects and major expenditures typically over \$100,000 of a non-recurring nature included in the City's four-year plan.

Definitions

Capital Project - An undertaking that has a specific objective, can be easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually, and typically has a total cost in excess of \$100,000. It may include one or more expenditure accounts. For instance, wages, architectural fees, and land improvements could all be included in the same project.

I. Applicability

This procedure shall be applicable to all departments in the determination of their budget requests.

II. Project Request

A. Prior to entry of a project, the project number must be requested by filling out a project number request form. The following information must be filled out on the form:

1. Define a name for the project.
2. Enter the estimated cost of the project. This is to inform Finance of the magnitude of the project. This cost should include design and construction estimates.
3. A thorough project description is needed. Complete the physical location of the project, the type of work being performed and the reason the work is being done.
4. The impact on the operating budget is also requested. For example, if a new building is being built, then estimate the costs of staffing and maintaining the building on an annual basis. If the costs will be a one-time expenditure then indicate this to be the case.

B. After the project has been defined and set up by finance, you may enter the capital project using the same method as for other budgets, with the exception being to enter the project number in the project field on the data entry screen.

1. Enter the account number along with a capital project number. The computer will check to make sure the project is already established. If it is not set up contact the Finance office.
2. A project may be associated with many accounts and can include both operating and capital accounts. If you enter a project for an operating account, the account must already have a budget established before you can assign a portion of it to a project.
3. You can enter a project for any of the four budget years.
4. A project number can cross cost centers - i.e. engineering and construction can be under the same project number.

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- C. There are warning messages which may appear as a result of incorrect entry.
1. If you have already established a capital reference number as a non-project and then try to enter it as a project, a warning message will appear. You can transfer the non-project capital item to a project by responding appropriately to the warning message.
 2. If you enter an amount for an operating account to a project that causes it to exceed the overall proposed budget, you will receive a message. For instance, if you have entered \$20,000 for total salaries and wages, you cannot enter \$25,000 to a project without first adjusting the overall proposed budget. Operating accounts also check the monthly budget distribution. The project distribution cannot exceed the regular monthly distribution.

Appendix

Budget Revisions

Purpose

As the budget reporting period progresses, departments can focus more clearly on anticipated events with which their budget was predicted. Departments should be able to revise their budget based on the most recent information. The following procedure is a guide to assist them in revising their budget.

I. Applicability

- A. This procedure will apply to all departments. It will include any revision to the annual budget.

II. Overview

- A. A monthly report is run off the budgeting system to help departments monitor their budget. The report lists the actual dollars spent, encumbered funds, the original budget, the revised budget, and a forecasted budget, which is calculated as a reference to determine the need for revisions. The forecasted budget is calculated by adding year-to-date actual experience to the total of the remaining months of the revised budget.

A department may become aware of a need to revise the budget in various ways:

- 1. Information received from a source other than the budget document (change in a bid or price).
- 2. A variance between the amount of the revised budget and the amount subsequently forecasted based on actual experience.
- 3. A need for an expenditure that was not planned for in the original budget.

III. Notice of Necessity for Budget Revision

- A. After determining which accounts need to be revised, the responsible department should complete a budget revision request form.
 - 1. Complete the department and the date requested.
 - 2. Indicate the purpose of the request - i.e. More overtime was necessary due to the large number of snowfalls this winter; Prices on the street sweeper have gone up since the original estimate was made last year; The cost of the computer was lower due to a group discount.
 - 3. There are two methods to do a revision:
 - a. Equal dollar transfer - This results in a net revision of zero. Funds are transferred from an account with excess funds to the account that the funds are needed.
 - 1. Complete the amount of the transfer.

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2. Complete the account the budget is to be transferred from including a reference number and or project number, if applicable, and then provide the same information for the account the budget is to be transferred to.
- b. An addition or (decrease) to a department budget - A departmental budget can and should be decreased when it becomes clear that there are excess budgeted funds. An increase to the budget must be approved by the Director of Finance and Administration.
 1. Complete the account number and reference number and or project, if applicable.
 2. Complete the amount of the increase or (decrease).
4. The revision should be signed by the originator and the department head and forwarded to Finance for the approval of the Director of Finance and Administration.

IV. Data Entry and Reporting of the Revised Budget

- A. Finance will enter and update revisions to the budget on a monthly basis or as needed.
- B. Once the revisions are entered, the Director of Finance will approve them for submittal to the City Council. Revisions for addition and deletions to budget are presented to Council once a month and require a two-thirds vote of approval. Equal dollar transfers within cost center or fund do not need Council approval.
- C. Copies of the budget revisions are kept in the files of the Director of Finance.

Glossary

Abatement - A partial or complete cancellation of a levy imposed by the City. Abatements usually apply to tax levies, special assessments and service charges.

Accountability - The condition, quality, fact or instance of being obliged to reckon or report for actions or outcomes.

Accrual basis of accounting – A method of accounting that recognizes financial transactions when they occur regardless of the time of the intake of cash.

Activity – A specific service performed by a component unit of a governmental organization that is responsible for a function such as police is an activity of the public safety function.

Agency Fund - A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

Annexation - The incorporation of land into an existing city with a resulting change in the boundaries of that city.

Appropriation - A specific amount of money authorized by City Council to make expenditures and incur obligations for specific purposes, frequently used interchangeably with "expenditures."

Assessed Value - A valuation set upon real estate or other property by the Township Property Appraiser as a basis for levying taxes.

Asset allocation – The process to determine which types of investments are to be included in the composition of an overall investment portfolio.

Audit - A systematic collection of sufficient, competent evidential matter needed to attest to the fairness of the presentation of the City's financial statements. The audit tests the City's account system to determine whether the internal accounting controls are both available and being used.

Available Fund Balance - That portion of fund balance collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Balance Sheet - That portion of the City's financial statement that discloses the assets, liabilities, reserves and balances of a specific governmental fund as of a specific date.

Basis of Accounting - A term used when revenues, expenditures, expenses, transfers, assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on the cash, modified accrual or the accrual method.

Basis of budgeting – A method used to determine the recognition of Revenues and Expenditures for the budgetary process.

Benchmarking - Comparing one's own performance to that of their past performance or to that of comparable communities.

Bond - A written promise to pay a specified sum of money, called face value or principal, at a specified date in the future, called maturity date, together with periodic interest at a specified rate.

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and or bond conditions.

Bottom Line - This is a common expression, most often used in private industry that refers to the profitability of a particular organization or entity.

Budget - A comprehensive financial plan of operations which attempts to rationalize the allocation of limited revenues among competing expenditure requirements for a given time period.

Budgetary Control - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

Budget Revision - A change to the adopted budget as authorized by the City Council.

Business-type activities – One of two classes of activities reported government-wide financial statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in enterprise funds.

CALEA - Commission on Accreditation of Law Enforcement Agencies.

Capital Budget - The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure.

Capital Equipment - Equipment with a value in excess of \$20,000 and an expected life of more than five years such as automobiles, typewriters and furniture.

Capital Improvements - Charges for the acquisition at the delivered price including transportation costs, of equipment, land, buildings, or improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$1,000 and a useful life expectancy of at least two years.

Capital Improvements Projects - An undertaking that has a specific objective, can be easily distinguishable from other work being performed, has a definite beginning and end, does not occur annually, and has a total cost in excess of \$100,000.

Capital Outlay - Expenditures that result in the acquisition of or addition to fixed assets.

Capital Projects Fund - Used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or Trust Funds).

Cash basis of accounting – Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

Cash Management - The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment,

establishing and maintaining banking relationships, and investing funds in order to achieve the balance of the highest interest and return, liquidity and minimal risk with these temporary cash balances.

Charges for Service - User charges for services provided by the City to those specifically benefiting from those services.

Commodities - Items which, after use, are consumed or show material change in, or an appreciable impairment, of their physical condition, and which generally have limited value and characterized by rapid depreciation.

Comparable Communities - Those communities, as designated by council, which contain some of the same characteristics as St. Charles. Comparative communities can be used as a "yardstick" in which to measure the policies and procedures of St. Charles.

Comprehensive Plan - An official public document adopted by a local government as a policy guide to decisions about the physical development of the community. It is a general long-range physical plan.

Constituent - One represented politically or in business; a voter; client.

Contingency - The appropriation of reserve funds for future allocation in the event specific budget allotments have expired and additional funds are needed.

Covenant - An agreement entered into by two or more parties. A covenant is entered into when a local government issues a bond. The terms of the bond issue must be clearly stated in the covenant.

Debt - A financial obligation resulting from the borrowing of money. Debts of government include bonds, notes, and land contracts.

Debt Ratio - Ratios that provide a measure of assessing debt load and ability to repay debt, which play a part in the determination of credit ratings. They are used to evaluate the City's debt position over time and against its own standards and policies.

Debt Service - The payment of principal and interest on borrowed funds.

Debt Service Funds - Used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deficit - The excess of expenditures or expenses over revenues or income during a single accounting period.

Department - An organizational unit responsible for carrying out a major governmental function, such as Finance or Public Works.

Depreciation - The decrease in value of physical assets due to use and the passage of time.

Discretionary Income - Income that is not specifically allocated for an expense and or income that allows for a certain level of "freedom" on how that money may be spent.

Elasticity - Increasing or diminishing readily in response to a changing stimulus. Sales taxes are very elastic because the amount of taxes collected increases with sales and decreases when sales are low. The

stimulus is the economy, which has a direct effect on the purchasing power of citizens, which translates into sales tax revenues.

Encumbrance - The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Enterprise Fund - Used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the costs of providing goods or services are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Equalized Assessed Value - The value of property resulting from the multiplication of the assessed value by an equalization factor to make all property in Illinois equal one-third of its market value.

Equalization Factor - A factor determined by the State which when applied to the counties' assessed value will cause all property to equal one-third of its market value.

Expenditures - Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental transfers.

Expenses - Charges incurred, whether paid or unpaid, resulting from the delivery of goods or services.

Facade - The front, visible part, or most conspicuous component of a building. St. Charles has implemented a facade improvement program for its downtown businesses, in an effort to revitalize the area.

Fiduciary Funds - Funds that are used when a government holds or manages financial resources in an agent or fiduciary capacity.

Fiscal Policies - The City's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year (FY) - Any consecutive twelve-month period designated as the budget year. The City's budget year begins May 1, and ends April 30 of the following calendar year.

Fixed Assets - Assets of a long-term character, which are intended to continue to be held or used. Examples of fixed assets include items such as land, buildings, machinery, furniture, and other equipment.

Franchise Fee - A fee paid by public service businesses for use of City streets, alleys and property in providing their services to the citizens of a community. Services requiring franchises include telephone, natural gas and cable television.

Full Time Equivalent (FTE) - A standardized unit of measure used to determine the equivalent number of full-time employees. It is calculated by dividing the total hours actually worked or planned for a job class (regular and overtime) by a standard number of hours a full-time employee would work for the job class.

Fund – Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations.

Fund Balance - The fund equity of governmental funds. Changes in fund balances are the result of the difference of revenues to expenditures. Fund balances increase when revenues exceed expenditures and decrease when expenditures exceed revenues.

Generally Accepted Accounting Principles - Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

General Fund - The general operating fund of the City. It is used to account for all financial resources except those required to be account for in another fund.

General Obligation Bonds - Those bonds that are backed by the "full faith and credit" of a municipality. The taxing power of local government is pledged in the covenant of one of these bond issues.

Goal - A long-range desirable development attained by objectives designed to implement a strategy.

Governmental Fund Types - Funds that account for a government's "governmental-type" activities. These funds are the general fund, special revenue funds, debt service funds and capital project funds.

Grant - Contributions or gifts of cash or other assets from another government to be used for a specified purpose, activity, or facility. Grants may be classified as either categorical or block, depending on the amount of discretion allowed the grantee.

Home Rule Municipality - A home rule unit may exercise any power and perform any function pertaining to its government and affairs including but not limited to the power to regulate for the protection of public health, safety, morals and welfare; to license; to tax; and to incur debt, unless preempted by the State of Illinois. A municipality is granted powers under home-rule if their population reaches 25,000 or by referendum.

Improvements - The necessary changes to a parcel(s) of land that is required for its future development. These often include modifications of the roadways, water and sewer mains, and the parcels capacity for electricity.

IMRF - Illinois Municipal Retirement Fund. Retirement system established for municipal employees of the state.

Income - A term used in proprietary fund type accounting to represent: (1) revenues; or (2) the excess of revenues over expenses.

Infrastructure - The permanent foundation or essential elements of a municipality. Roadways are a component of a local government's infrastructure.

Installment Contract - A financing method whereby the City contracts with a vendor to pay for equipment, an improvement, or construction over a period of time not to exceed ten years. The contractor makes an assignment of the rights to payment to a financial institution in return for payment of the original contracted price.

Interfund Transfer - Payment from one fund to another fund primarily for work or services provided.

Intergovernmental Revenues - Revenues from other governments in the form of grants, entitlement, shared revenues, or payments in lieu of taxes.

Internal Service Fund - Funds used to account for the financing of goods or services provided by one department to another on a cost reimbursement basis.

Investment - The placing of money, capital, or other resources to gain a profit, as in interest.

LEADS - Law Enforcement Agency Data System is a system used as a nationwide tool to track criminal activity, such as warrants for arrest and missing persons.

Levy - (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments or service charges imposed by the City.

Liability - Debt or other legal obligations arising out of transactions in the past, which must be liquidated, renewed or refunded at some future date.

Line Item - A specific item or group of similar items defined by detail in a unique account in the financial records. Revenue and expenditure justifications are reviewed, anticipated and appropriated at this level.

Liquidity - The amount of cash and easily sold securities a local government has at one time.

Millage - The tax rate on real property based on \$1.00 per \$1,000 of assessed property value.

Miller/West Gateway - This term refers to the undeveloped, recently annexed, parcels of land on St. Charles' West Side. The land is zoned for future commercial and residential development.

Mobile Data Terminals (MDT) - Mobile Data Terminals are terminals that will allow police officers instant access from the squad cars to the National Crime Information Center. This will allow the officer to immediately check on stolen property or check a warrant.

Modified Accrual Accounting - A basis of accounting in which revenues are recorded when collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period, and, expenditures are recognized when the related liability is incurred.

MFT - Motor Fuel Tax is a tax on fuel consumption. Distribution of the tax collected is based on population. There are also state-funded programs for street resurfacing, curb and gutter work and storm sewer work.

Net Income - Proprietary fund excess of operating revenues, non-operating revenues, and operating transfers-in over operating expenses, non-operating expenses, and operating transfers-out.

Non-operating Expenditures - The costs of government services which are not directly attributable to a specific City program or operation. Examples include debt service obligations and contributions to Human Service organizations.

Non-operating Revenues - The incomes received by the government, which are not directly attributable to providing a service. An example would be interest on investments.

Objective - Something to be accomplished in specific, well-defined, and measurable terms and is achievable within a specific time frame.

Operating Budget - A financial plan that presents proposed expenditures for the fiscal year and estimates of revenue to finance them.

Part I Offenses - According to the Uniform Crime Report of the Federal Bureau of Investigation, these offenses include murder, manslaughter, rape, robbery, assault, and property crimes of burglary, larceny-theft, motor vehicle theft, and arson.

Part II Offenses - These are all criminal offenses that are not categorized as a Part I offense.

Performance Budget - A budget that focuses on activities rather than line items. Work load and unit cost data are collected in order to assess the efficiency of services.

Performance Indicators - Specific quantitative and qualitative measures of work performed as an objective of the department.

P.I.M.S. - The Police Information Management System is a database for keeping police records. The system is currently networked with approximately 72 other law enforcement agencies.

Portfolio - A compilation of investments held by an entity.

Privatization - The transfer of services from the public sector to the private sector in an attempt to save tax dollars. This has been done to varying degrees and levels of success across the country.

Private Sector - Business owned and operated by private individuals, as opposed to government-owned operations.

Public Sector - The policies and procedures as conducted by local governments, states and the federal government. The majority of these activities are financed through tax levies.

Program - An organized set of related work activities within a Bureau of a department, which are directed toward a common purpose or goal and represent a well-defined use of City resources. Each City department usually is responsible for a number of related service programs.

Program Budget - A budget that structures budget choices and information in terms of "programs and their related" work activities, (i.e., repairing roads, treating water, etc.). A program budget provides information on what each program is committed to accomplish in the long run (goals) and in the short

run (objectives), and measures the degree of achievement of program objectives (performance measures).

Property Tax - A tax levied on the assessed value of real property (also known as “ad valorem taxes”).

Proprietary Fund Types - The classification used to account for the City’s ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government’s business and quasi-business activities are accounted for through proprietary funds. The Generally Accepted Accounting Principals used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where the Governmental Accounting Standards Board has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

Referendum - The submission of a proposed public measure or law, which has been passed upon by legislature or convention, to a vote of the people for ratification or rejection. Bond issues often must go to referendum for approval.

Revenue Bonds - Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Fund.

Retained Earnings - An equity account reflecting the accumulated earnings of the City's proprietary funds.

Revenues - Funds that the government receives as income. It includes such items as tax receipts, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

SCADA - Supervisory Control and Data Acquisition. Computer controlled system operation and information in regards to the city's electrical and water system.

SEA Reporting - Service Efforts and Accomplishments Reporting. This is a highly structured form of performance reporting as developed by the Governmental Accounting Standards Board (GASB).

Special Assessment Bond - Bonds payable by property owners to defray the cost of a specific capital improvement deemed to benefit primarily those properties. Each property is responsible for an amount determined to be equal to the benefit received.

Special Revenue Funds - Funds used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Special Service Area Bond - Bonds payable by property owners to defray the cost of a capital improvement deemed to benefit primarily those properties. Each property owner is responsible for an amount equal to the value of their property compared to all others.

Tax Levy - The total amount to be raised by general property taxes for operating and debt service purposes.

Tax Rate - The amount of tax levied for each \$100 of assessed valuation.

Tax Increment Finance District (TIF) – A special district established to revitalize a degenerating parcel of land/building funded through incremental property taxes.

Trust and Agency Funds - Funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Unearned revenue – Specific type of deferred revenue that does not involve the application of the availability criterion, and therefore applies equally to both accrual and modified accrual financial statements.

User Fees – A fee charged for receipt of a public service to the party who benefits from the service

Working Capital - This term generally refers to current assets minus current liabilities. Some organizations may exclude certain current assets (e.g. inventory) from this general formula.

Yield - The yield on a fixed-income security is its current rate until maturity, based on its face value, its current market price and any interest coupons.